

23 October 2024

India | Equity Research | Q2FY25 results review

Multi Commodity Exchange of India

Exchanges

Volume growth surprising positively; difficulty to build a structural uninhibited volume growth “yet” is our premise for HOLD rating

MCX's Q2FY25 results exhibit three main trends: 1) consolidating on the new steady cost profile; 2) Healthy volumes across futures, options and premium conversions. 3) Growth in option participation. We indicated upside risk to earnings from volume surges, basis commodity volatility in our previous note ([link](#)), and it played out on these lines in Q1/Q2FY25. To adequately capture this higher-than-expected volume growth potential on earnings, we now roll over to FY27. However, we believe our FY26/27E PAT of ~INR 7.3/8.8bn captures reasonable volume growth outlook well. Maintain **HOLD**. Upside risk may arise if commodity option trading continues to receive traction akin to equity, whereas downside risk may stem from reduced volatility-driven dip in volumes. Refer **Exhibits 2 and 3** for scenario analysis of earnings to volume drivers.

Basis our revised target price of INR 6,670, MCX is trading at 45.2x FY26E P/E and 49.6x FY26E core P/E (ex-other income).

Options see strong growth in notional and premium turnover; futures volume remain strong; revenue grows 21% QoQ

Options volumes sustained its strong growth momentum in Q2FY25 with 32% QoQ notional ADTV growth to INR 1.9trn vs. INR 1.5trn in Q1FY25. Premium ADTV for MCX increased 38% QoQ to INR 32bn vs. INR 24bn in Q1FY25, which led to premium turnover, as a % of notional turnover, rising to 1.69% in Q2FY25 vs. 1.62% in Q1FY25. Transaction revenues from options increased 38% on a QoQ-basis in Q2FY25 to INR 1.75bn vs. INR 1.27bn in Q1FY25.

Futures ADTV, which dropped below INR 180bn in Q4FY24, witnessed a strong rebound since the start of FY25. Futures ADTV in Q2FY25 grew 3.7% QoQ and stood at INR 269bn, its highest since Q1FY22. Transaction revenue in futures for MCX stood at INR 736mn in Q2FY25 vs. INR 709mn in Q1FY25. Other operating income increased 2% QoQ to INR 372mn. Treasury income in Q2FY25 stood at INR 200mn. This income could be impacted from regulatory changes. Overall, revenues for MCX in Q2FY25 increased 21.9% QoQ to INR 2.85bn vs. INR 2.35bn in Q1FY25.

Maintain HOLD

Our valuation is based on 40x multiple (unchanged) FY27E (FY26E earlier) adjusted EPS of INR 161.4 per share (ex-software amortisation cost and income from investments, both net of taxes) while adding free cash of INR 212/share (ex-SGF, ex-margin money, ex-mandatory reserves). Our revised target price is INR 6,670 (earlier INR 5,348).

Financial Summary

Y/E March (INR mn)	FY24A	FY25E	FY26E	FY27E
Net Revenue	6,836	11,476	14,283	17,263
EBITDA	643	7,173	9,247	11,268
EBITDA Margin (%)	9.4	62.5	64.7	65.3
Net Profit	831	5,625	7,254	8,808
EPS (INR)	16.3	110.3	142.2	172.7
EPS % Chg YoY	(44.2)	576.8	29.0	21.4
P/E (x)	394.6	58.3	45.2	37.2
P/BV (x)	23.8	20.5	17.3	14.6
Dividend Yield (%)	0.1	1.0	1.3	1.6
RoE (%)	5.8	37.7	41.5	42.6

Ansuman Deb

ansuman.deb@icicisecurities.com
+91 22 6807 7312

Shubham Prajapati

shubham.prajapati@icicisecurities.com

Sanil Desai

sanil.desai@icicisecurities.com

Market Data

Market Cap (INR)	328bn
Market Cap (USD)	3,901mn
Bloomberg Code	MCX IN
Reuters Code	MCEIqf.BO
52-week Range (INR)	6,698 / 2,162
Free Float (%)	100.0
ADTV-3M (mn) (USD)	36.8

Price Performance (%)	3m	6m	12m
Absolute	69.0	64.8	177.2
Relative to Sensex	69.3	55.8	154.5

ESG Score	2021	2022	Change
ESG score	-	77.4	-
Environment	-	60.4	-
Social	-	80.5	-
Governance	-	79.3	-

Note - Score ranges from 0 - 100 with a higher number indicating a higher ESG score.

Source: SES ESG, I-sec research

Previous Reports

03-09-2024: [Company Update](#)

01-08-2024: [Q1FY25 results review](#)

Costs starting to stabilise, after successful software migration; platform maintenance costs to accrue Q3 onwards

MCX's contract with 63 Moons ended in Q3FY24, post which software charges declined to sustainable levels. The new software was under warranty from TCS until Sep'24, wherein no payment was required to be made to TCS. However, post-implementation of the new software platform, MCX had taken certain premium services to support the new software. Information and technology related expenses, which include these premium services remained flattish in Q2FY25 at INR 209mn vs. INR 226mn in Q1FY25. On Sep'24, MCX completed one year of new software platform implementation. As such, from Q3FY25, maintenance charges for the new software shall be incurred by MCX (amount not quantified till date). Product license fees (equal to 10% of energy contract revenue to CME) increased with increasing volumes to INR 174mn in Q2FY25 vs. INR 139mn in Q1FY25. Depreciation charges for Q2FY25 stood at INR 140mn vs. INR 134mn in Q1FY25. MCX reported INR 172mn of contribution to SGF, which was higher than management's guidance of ~INR 100mn of voluntary SGF contribution per quarter given in Q1FY25 earnings call. MCX reported EBITDA of INR 1,794mn in Q2FY25 vs. EBITDA (Adj. for one off SEBI regulatory fees) of INR 1,371 in Q1FY25. MCX reported PAT of INR 1,536mn in Q2FY25.

MCX maintains strong industry position; competition volume declines

Commodity derivatives on NSE had started seeing traction in Dec'23, yet remained negligible compared to MCX. NSE's commodity options ADTV reached INR 57bn in Apr'24, but declined since to ADTV of INR 32bn in Sep'24. Commodity volumes on NSE are negligible compared to MCX (1.46% of MCX notional turnover in Sep'24). In terms of premium turnover, MCX had a premium turnover of INR 856bn in Sep'24 vs. INR 2.9bn for NSE during the same period (0.34% of MCX premium turnover in Sep'24). Premium turnover, as a percentage of notional turnover for MCX in Sep'24, stood at 1.82% vs. 0.423% for NSE during the same period.

Gold options contract to have monthly expiry from 11 Nov'24; expect more product launches in coming quarters

MCX, in its conference call, announced that the gold monthly contracts will be modified to monthly expiry contracts (currently bi-monthly) from 11 Nov'24. Gold future contracts will remain bi-monthly.

On 15 Oct'24, cash-settled cotton seed wash oil futures contracts was launched by MCX. Management, in its Q2FY25 earnings call, said that it has various products in various stages of development and shall launch these products as and when appropriate.

Growth in volumes complemented by increasing participation

Total number of registered UCC at MCX stood at 28.9mn in Q2FY25 vs. 10mn in Q1FY24. Number of UCCs that traded on MCX stood at 6.8mn in Q2FY25 vs. 3.9mn in Q1FY24 and 5.7mn in Q1FY25. 2.5mn participants traded in futures on MCX, whereas 5.4mn traded in options on MCX in Q2FY25 (**Exhibits 16–18**). Majority of the participation in MCX is from retail and proprietary traders. In futures, ~90–92% participation is from retail and proprietary traders; ~5–7% participation is from hedgers. In options, ~98% of participation is from retail and proprietary traders; ~0.5–1% is from hedgers (**Exhibits 19–20**).

Natural gas mini and crude oil mini contracts (new product launches in 2024) are yet to see meaningful traction

MCX launched natural gas and crude oil mini contracts in Apr'24. But since its launch, both the contracts are yet to see any meaningful traction. In Sep'24 crude oil contracts had an ADTV of INR 1.7trn, whereas crude oil mini contracts had an ADTV of INR 16bn. Natural gas in Sep'24 had ADTV of INR 214bn vs. INR 2bn ADTV for natural gas mini contracts. Despite having lower volumes, both natural gas and crude oil mini contracts have similar % premium turnover to their larger counterparts (**Exhibit 21–23**).

We estimate PAT of INR 5.5bn/7.4bn/9bn in FY25/FY26

- MCX's futures volume witnessed 3.7% QoQ growth in Q2FY25 and futures ADTV stood at INR 269bn. Futures ADTV for H1FY25 is INR 264bn and even in Oct'24–TD, MCX has sustained its futures volumes with ADTV of INR 286bn. Basis this strong growth, we expect futures ADTV to be INR 280bn in FY25E, INR 320bn in FY26E, and INR 360bn in FY27E.
- MCX's options volume continued its strong momentum and witnessed strong growth in Q2FY25. Options ADTV in Q2FY25 grew 32% QoQ and stood at INR 1.93trn. Options ADTV for H1FY25 is INR 1.7trn and even in Oct'24–TD, MCX has sustained its options volumes with ADTV of INR 2.2trn. Basis this strong growth and run rate, our options ADTV estimates are INR 2.2trn in FY25E, INR 3trn in FY26E, and INR 4trn in FY27E.
- Premium turnover, as a % of notional, increased to 1.69% in Q2FY25, from 1.67% in H1FY25. Oct'24 has seen a further increase to 2.03%. We envisage option premium to be 1.6%/1.55%/1.45% of notional turnover in FY25E/FY26E/FY27E on the fundamental premise that higher volumes tend to lower the premium conversion ratio.
- We expect revenue from futures to be INR 3bn/3.4bn/3.9bn in FY25E/FY26E/FY27E vs. INR 1.4bn in H1FY25. We expect revenue from options to be INR 7.3bn/INR 10bn/INR 12.4bn in FY25/FY26E/FY27E vs. INR 3bn in H1FY25. We expect total revenue from operations to be INR 11.5 bn/INR 14.3bn/INR 17.3 bn in FY25E/FY26E/FY27E vs. INR 5.2bn in H1FY25.
- We expect employee costs to be INR 1.2bn/INR 1.35bn/INR 1.5bn in FY25E/FY26E/FY27E vs. INR 648mn in H1FY25. From Q3FY25, MCX will likely have to pay additional quarterly maintenance charge to TCS. The amount to be paid is not quantified by management. In earlier quarter conference calls, management guided for INR 600mn of annual software costs – consist of additional depreciation due to software capitalisation and payments to TCS. MCX had depreciation of INR 43mn in Q1FY24 vs. INR 134mn in Q1FY25 and INR 140mn in Q2FY25, implying additional depreciation of ~INR 90mn per quarter, or INR 360mn annually. We estimate depreciation of INR 532mn/INR 560mn/INR 605mn in FY25E/FY26E/FY27E (normal depreciation of ~INR 160mn and software capitalisation related additional depreciation of ~ INR 440mn in FY27E). We factor in annual payment to TCS of INR 150mn in FY25E (two quarters of no payment), INR 300mn in FY26E and INR 350mn in FY27E. In total, we estimate total software cost and total depreciation of INR 682mn/860mn/955mn in FY25E/FY26E/FY27E vs. INR 275mn in H1FY25 (H1FY25 did not include payment to TCS).
- MCX also has to pay 10% of its total revenue from energy contracts as license fee to CME. Basis volume increase, we estimate INR 669mn/INR 871mn/INR 1,058mn under this charge in FY25E/FY26E/FY27E vs. INR 306mn in H1FY25. We consider SGF contribution of INR 511mn/INR 600mn/INR 1,000mn in FY25E/FY26E/FY27E. As of H1FY25, MCX has INR 8.6bn of SGF contribution on its balance sheet. This leads to PAT estimates of INR 5.5bn in FY25E, INR 7.3bn in FY26E and INR 8.8bn in FY27E

Risks

Upside risk may arise if commodity option trading continues to receive traction akin to equity, whereas downside risk may stem from reduced volatility-driven dip in volumes. Additionally, concerns include any possible issues with the new software with volume ramp up and any regulatory changes that may lead to a decline in volumes. There could also be an upside risk from increase in volumes with the introduction of new products with lower contract size/multiple expiries within a month.

Exhibit 1: Q2FY25 result review

Particulars INR mn	Q2FY25	Q2FY24	YoY (%)	Q1FY25	QoQ (%)
Futures Turnover (INR mn)	1,75,05,624	1,19,87,073	46.0%	1,68,75,570	3.7%
Options Turnover (INR mn)	12,56,50,525	5,49,58,885	128.6%	9,54,01,405	31.7%
Total	14,31,56,149	6,69,45,958	113.8%	11,22,76,975	27.5%
Premium as a % of options turnover	1.7%	1.8%		1.6%	
Revenue yields Rs per million	19.9	24.7	-19%	20.9	-4%
Net revenues	2,856	1,651	73.0%	2,344	21.9%
Employees expenses	327	274	19.3%	321	1.8%
Software support charges	209	1,328	-84.3%	226	-7.5%
Product & License Fees	174	95	83.1%	132	31.6%
Contri to SGF IPF ISF	172	141	21.9%	139	23.6%
Other operating expenses	181	101	78.6%	201	-10.0%
Total expenses	1,061	1,938	-45.2%	1,018	4.3%
EBITDA	1,794	(287)	-725.2%	1,326	35%
EBITDA margin (%)	62.8%	-17.4%	8022 bps	56.6%	627 bps
Depreciation and amortization	140	66	113.5%	134	4.5%
EBIT	1,654	(353)	-569.0%	1,191	38.8%
EBIT Margin (%)	57.9%	-21.4%	7928 bps	50.8%	709 bps
Net Interest expenses	1	1	66.7%	1	100.0%
Other NO income (expense), net	252	189	33.5%	188	34.1%
Earnings before tax	1,906	(164)	-1260.5%	1,379	38.2%
Income taxes	374	16	2192.6%	273	36.7%
Income tax as % of PBT	19.6%	-9.9%	2954 bps	19.8%	-21 bps
Extraordinary income / (exp)	-	-			
Share of profit of associate	4	(10)		4	25.7%
Earnings after tax	1,536	(191)	-905.6%	1,109	38.5%
Non-recurring items	-	-	n.m.	-	n.m.
Net income (loss), adjusted	1,536	(191)	-905.6%	1,109	38.5%
Net Margin (%)	49.4%	-10.4%	5979 bps	43.8%	562 bps
Shares outstanding	51	51		51	
EPS	30	(4)	-905.6%	22	38.5%
Core Income	1,333	(399)	-435%	958	39%
EBITDA adjusted	1,966	1,001		1,509	30.3%

Source: I-Sec research, Company data

Note: Q2FY24 EBITDA is adjusted for software cost. Q1FY25 EBITDA is adjusted for one of SEBI regulatory fees paid by MCX. SGF is adjusted in all quarters

Exhibit 2: MCX PAT sensitivity to futures and options volumes

PAT FY27E (INR (mn))		Futures ADTV (INR bn)				
		300	340	360	380	400
Options ADTV (INR bn)	3,600	7,397	7,719	7,879	8,040	8,201
	3,800	7,861	8,183	8,344	8,504	8,665
	4,000	8,325	8,647	8,808	8,969	9,130
	4,200	8,790	9,111	9,272	9,433	9,594
	4,400	9,254	9,576	9,736	9,897	10,058

Source: I-Sec research, Company data

Exhibit 3: MCX PAT sensitivity to option volume and % Premium turnover

PAT FY27E (INR (mn))		% Premium turnover				
		1.30%	1.40%	1.45%	1.50%	1.60%
Options ADTV (INR bn)	3,600	7,015	7,591	7,879	8,168	8,744
	3,800	7,431	8,039	8,344	8,648	9,256
	4,000	7,847	8,488	8,808	9,128	9,768
	4,200	8,264	8,936	9,272	9,608	10,281
	4,400	8,680	9,384	9,736	10,089	10,793

Source: I-Sec research, Company data

Exhibit 4: MCX options monthly ADTV trend

INR mn	Gold	Silver	Crude Oil	Natural Gas	Copper	Zinc	Total options
Apr-20	2,600	538	1,582	0	1	0	4,721
May-20	5,843	472	1,321	0	7	0	7,643
Jun-20	3,719	1,118	2,043	0	1	0	6,881
Jul-20	6,144	1,544	1,458	0	9	0	9,155
Aug-20	8,188	4,189	1,425	0	3	2	13,807
Sep-20	9,594	1,000	1,058	0	2	0	11,654
Oct-20	2,550	1,064	9,405	0	1	0	13,019
Nov-20	9,037	1,645	976	0	0	0	11,659
Dec-20	4,826	721	1,223	0	5	0	6,776
Jan-21	10,397	1,205	1,369	0	2	0	12,973
Feb-21	4,142	2,099	2,331	0	4	0	8,576
Mar-21	5,455	653	6,474	0	4	0	12,587
Apr-21	3,708	1,094	10,069	0	2	0	14,873
May-21	7,886	849	11,620	0	4	0	20,360
Jun-21	3,721	1,893	17,146	0	11	0	22,772
Jul-21	8,326	848	36,986	0	12	0	46,172
Aug-21	4,926	2,237	53,334	0	17	0	60,515
Sep-21	11,322	1,043	65,809	0	18	0	78,192
Oct-21	6,422	1,697	77,395	0	22	0	85,536
Nov-21	13,017	2,522	82,163	0	18	1	97,721
Dec-21	4,185	628	75,111	0	12	0	79,982
Jan-22	8,552	1,387	93,605	825	12	0	1,04,426
Feb-22	7,153	2,685	1,35,189	8,891	27	0	1,53,953
Mar-22	24,180	931	1,44,372	18,475	20	2	1,87,986
Apr-22	7,344	2,286	1,30,112	35,333	10	2	1,75,087
May-22	16,881	1,108	1,49,127	33,763	8	1	2,00,887
Jun-22	5,355	2,538	1,62,235	46,760	12	1	2,16,901
Jul-22	15,313	1,802	2,03,706	53,746	24	2	2,74,593
Aug-22	6,720	4,135	2,35,935	62,986	16	2	3,09,794
Sep-22	17,886	2,116	2,64,000	71,234	19	1	3,55,255
Oct-22	9,547	3,911	2,39,590	62,149	16	0	3,15,213
Nov-22	24,471	9,335	2,87,906	91,740	23	2	4,13,476
Dec-22	13,176	3,298	3,16,120	99,257	39	1	4,31,890
Jan-23	19,472	3,441	2,65,127	61,577	44	1	3,49,662
Feb-23	14,231	8,699	3,80,549	46,546	12	1	4,50,039
Mar-23	49,920	7,261	4,42,551	46,378	30	4	5,46,143
Apr-23	24,222	29,778	3,67,412	60,093	9	1	4,81,517
May-23	78,096	11,555	4,79,562	71,116	54	1	6,40,383
Jun-23	32,823	37,425	5,85,477	89,482	92	1	7,45,300
Jul-23	92,046	15,457	5,30,828	87,100	114	5	7,25,550
Aug-23	24,469	49,641	6,92,485	1,22,223	153	9	8,88,979
Sep-23	59,908	15,897	7,59,683	1,24,475	259	5	9,60,228
Oct-23	48,992	20,912	7,86,511	1,25,352	349	4	9,82,119
Nov-23	63,253	47,613	6,15,169	1,24,449	218	5	8,50,707
Dec-23	47,630	15,071	8,08,152	1,42,988	273	6	10,14,120
Jan-24	85,712	20,550	8,98,318	1,83,897	222	3	11,88,702
Feb-24	39,271	69,267	8,45,475	98,334	107	6	10,52,460
Mar-24	1,39,649	24,969	9,13,416	89,649	316	7	11,68,007
Apr-24	89,502	1,08,154	10,36,874	91,572	514	85	13,26,702
May-24	1,89,776	38,785	10,61,766	2,21,497	892	32	15,12,748
Jun-24	1,01,764	1,38,980	10,96,124	2,33,281	847	40	15,71,037
Jul-24	2,07,349	38,419	13,15,954	1,40,384	1,156	23	17,03,286
Aug-24	1,10,618	1,41,434	14,57,049	1,69,765	1,960	56	18,80,882
Sep-24	2,29,297	27,714	17,61,374	2,16,320	2,120	148	22,36,973

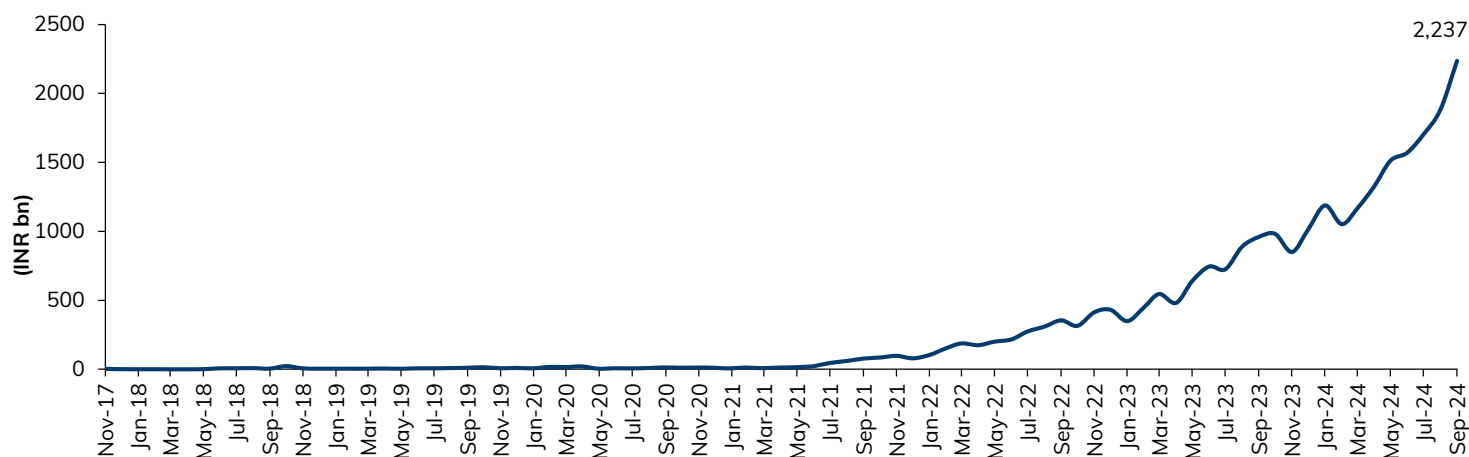
Source: I-Sec research, Company data

Exhibit 5: MCX futures monthly ADTV trend

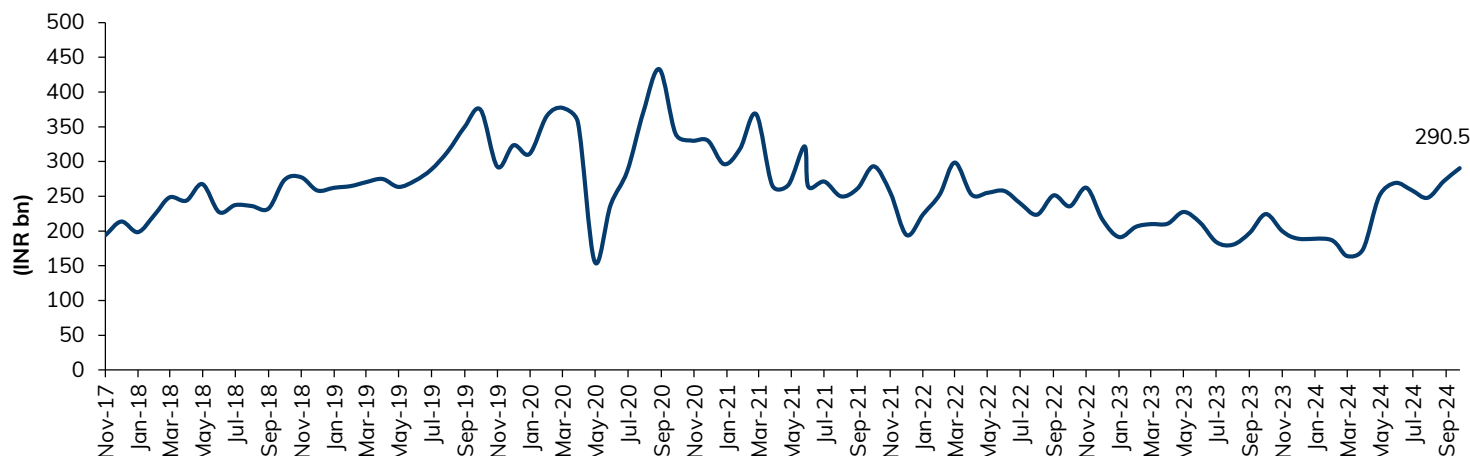
Futures ADTV (INR mn)	Gold	Silver	Crude Oil	Natural Gas	Copper	ALNZ	All commodities
Aug-21	42,830	50,801	33,926	64,271	26,215	27,947	2,49,958
Sep-21	48,006	48,439	28,945	76,791	23,397	32,620	2,61,478
Oct-21	45,779	57,544	43,255	71,383	29,806	39,798	2,93,184
Nov-21	51,970	59,416	45,127	38,908	26,504	28,520	2,55,057
Dec-21	32,455	40,600	43,001	32,071	19,484	23,434	1,94,373
Jan-22	38,917	49,911	38,405	38,345	19,792	35,249	2,24,290
Feb-22	45,170	52,963	55,148	37,344	20,237	39,485	2,52,963
Mar-22	62,595	55,012	95,360	36,189	19,163	27,738	2,98,553
Apr-22	41,484	51,546	53,872	71,396	16,093	15,520	2,52,510
May-22	46,258	50,346	48,058	75,906	17,682	15,029	2,55,051
Jun-22	42,281	65,612	43,458	68,247	20,152	16,694	2,57,758
Jul-22	47,112	55,527	38,779	52,220	27,983	17,250	2,39,722
Aug-22	37,478	57,139	36,388	54,240	20,544	17,215	2,23,606
Sep-22	51,511	66,124	37,055	57,096	22,495	16,652	2,51,406
Oct-22	47,132	66,970	27,390	48,859	23,891	20,896	2,35,645
Nov-22	47,577	80,009	31,893	57,889	23,554	20,487	2,62,280
Dec-22	34,484	70,077	30,522	47,544	18,470	14,627	2,16,233
Jan-23	46,228	61,753	21,501	28,673	18,507	14,601	1,91,381
Feb-23	49,579	70,657	25,304	27,263	18,187	14,990	2,06,176
Mar-23	57,721	65,064	31,034	25,501	17,841	12,503	2,10,067
Apr-23	51,887	82,274	22,470	30,379	12,192	10,260	2,10,653
May-23	62,369	77,547	27,173	37,568	12,877	9,818	2,27,531
Jun-23	45,202	74,831	31,016	37,893	13,052	9,551	2,11,837
Jul-23	47,521	65,405	22,080	27,953	11,904	9,040	1,84,076
Aug-23	33,767	72,107	19,627	34,233	11,015	9,512	1,80,556
Sep-23	39,406	76,930	20,387	39,720	11,038	9,888	1,97,583
Oct-23	50,299	87,542	25,516	41,416	12,221	7,352	2,24,492
Nov-23	44,219	86,958	19,145	33,427	8,470	7,331	1,99,716
Dec-23	46,310	75,996	19,402	30,821	8,028	8,272	1,88,976
Jan-24	50,780	63,110	20,037	37,792	7,501	8,093	1,87,482
Feb-24	35,447	75,937	15,466	21,780	7,010	8,269	1,64,175
Mar-24	67,292	57,663	14,838	19,646	7,160	7,104	1,73,994
Apr-24	82,541	96,814	16,550	26,270	14,436	13,331	2,50,070
May-24	80,539	1,00,078	14,594	38,067	21,967	13,817	2,69,247
Jun-24	61,172	1,12,331	12,476	40,975	19,814	12,167	2,59,068
Jul-24	84,450	89,303	15,795	27,467	21,227	9,443	2,47,898
Aug-24	75,572	1,03,834	22,042	36,248	22,525	11,280	2,71,626
Sep-24	87,669	91,121	27,183	48,067	23,324	13,006	2,90,469

Source: I-Sec research, Company data

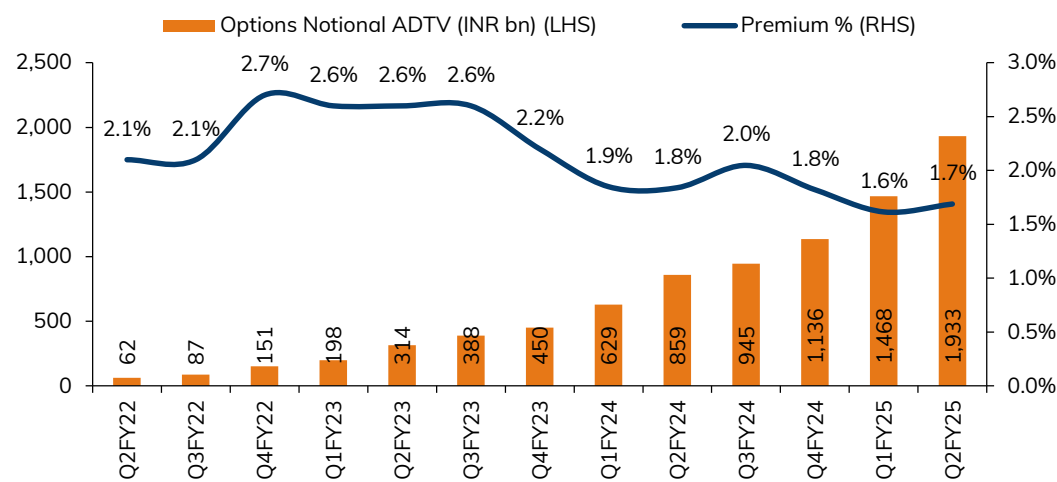
Exhibit 6: Options ADTV has surged since 2020



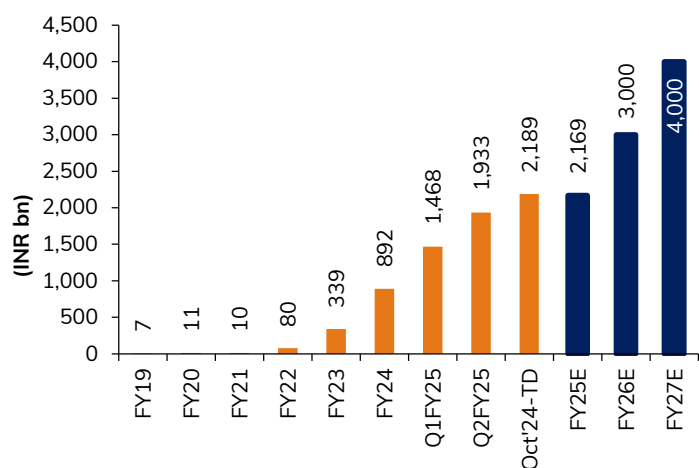
Source: I-Sec research, Company data

Exhibit 7: Futures ADTV has also been steady/improving

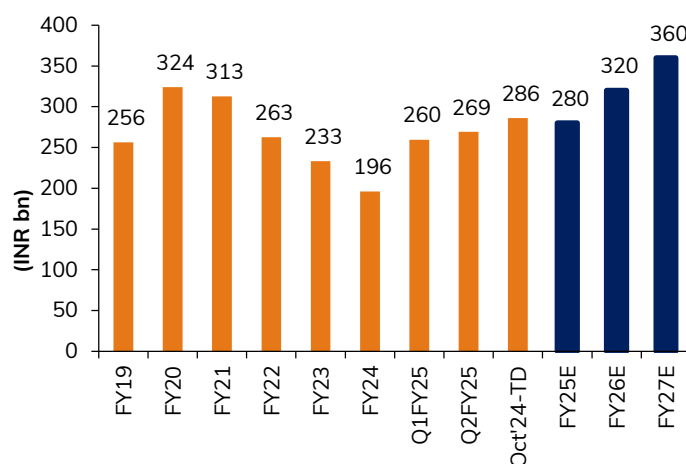
Source: I-Sec research, Company data

Exhibit 8: Premium turnover % has declined for MCX, but improved from lows of 1.44% in Jul'24 to 1.82% in Sep'24

Source: I-Sec research, Company data

Exhibit 9: Historical options ADTV trend and estimates

Source: I-Sec research, Company data

Exhibit 10: Historical futures ADTV trend and estimates

Source: I-Sec research, Company data

Exhibit 11: Premium turnover as a % of notional turnover increased in Sep'24 in MCX

	COPPER	CRUDEOIL	GOLD	GOLDM	NATURALGAS	SILVER	SILVERM	ZINC	CRUDEOILM	NATGASMINI	Total
Jan-24	0.641%	1.810%	0.454%	0.489%	3.758%	1.920%	2.028%	1.015%			2.015%
Feb-24	0.592%	1.714%	0.720%	0.311%	3.665%	0.785%	0.874%	0.843%			1.796%
Mar-24	0.723%	1.519%	0.450%	0.481%	3.426%	1.795%	1.814%	1.603%			1.543%
Apr-24	1.450%	1.589%	1.064%	0.790%	3.473%	1.054%	1.335%	2.166%	3.805%	4.598%	1.638%
May-24	1.379%	1.499%	0.504%	0.569%	2.901%	2.158%	2.377%	2.410%	2.329%	3.291%	1.599%
Jun-24	1.218%	1.434%	0.945%	0.467%	3.239%	0.875%	1.301%	1.972%	1.576%	3.244%	1.613%
Jul-24	1.126%	1.398%	0.526%	0.615%	3.008%	2.095%	2.221%	1.632%	1.560%	3.263%	1.443%
Aug-24	1.340%	1.753%	1.049%	0.584%	3.216%	0.937%	0.965%	2.161%	1.988%	3.500%	1.772%
Sep-24	1.325%	1.815%	0.490%	0.537%	3.102%	3.218%	3.241%	2.118%	1.997%	3.529%	1.823%

Source: I-Sec research, Company data

Exhibit 12: Crude oil options' key trends basis expiry cycle

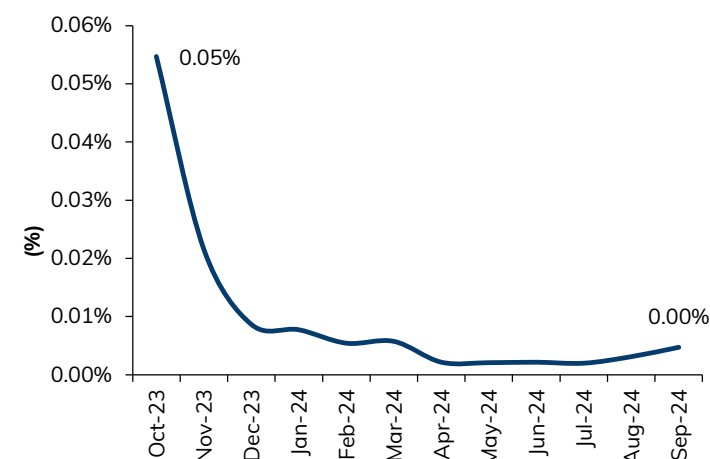
	Jan'24-Feb'24	Feb'24-Mar'24	Mar'24-Apr'24	Apr'24-May'24	May'24-Jun'24	Jun'24-Jul'24	Jul'24-Aug'24	Aug'24-Sep'24	Sep'24-Oct'24
% Premium Turnover	1.74%	1.60%	1.53%	1.51%	1.48%	1.33%	1.64%	1.74%	2.12%
% Premium Turnover in Last 5 days	1.08%	1.04%	1.10%	0.93%	0.95%	0.87%	1.13%	1.21%	1.35%
Notional turnover in last 5 days	40.8%	39.5%	41.8%	38.5%	40.8%	40.5%	35.3%	37.4%	34.30%

Source: I-Sec research, Company data

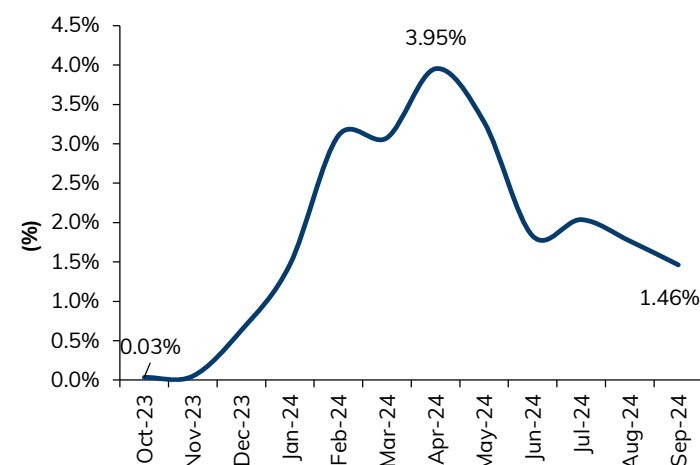
Exhibit 13: Natural gas options' key trends basis expiry cycle

	Jan'24-Feb'24	Feb'24-Mar'24	Mar'24-Apr'24	Apr'24-May'24	May'24-Jun'24	Jun'24-Jul'24	Jul'24-Aug'24	Aug'24-Sep'24
% Premium Turnover	3.56%	3.65%	3.46%	2.83%	3.23%	3.06%	3.13%	3.07%
% Premium Turnover in Last 5 days	2.72%	2.58%	2.60%	2.20%	2.00%	2.24%	2.09%	2.16%
Notional turnover in last 5 days	36.9%	38.0%	34.5%	51.7%	31.9%	37.7%	39.1%	45.1%

Source: I-Sec research, Company data

Exhibit 14: NSE commodity futures turnover as a % of MCX commodity futures turnover

Source: I-Sec research, Company data

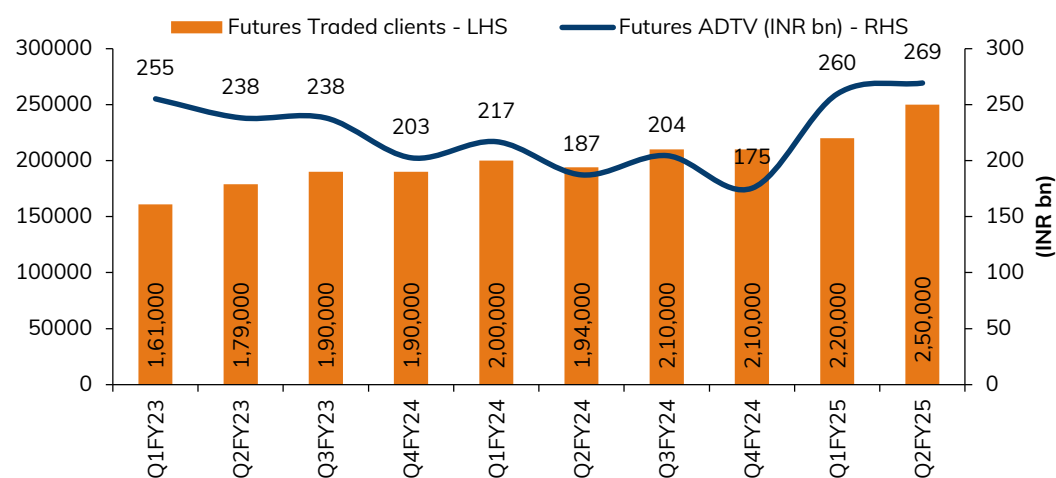
Exhibit 15: NSE commodity options notional turnover as a % of MCX commodity options notional turnover

Source: I-Sec research, Company data

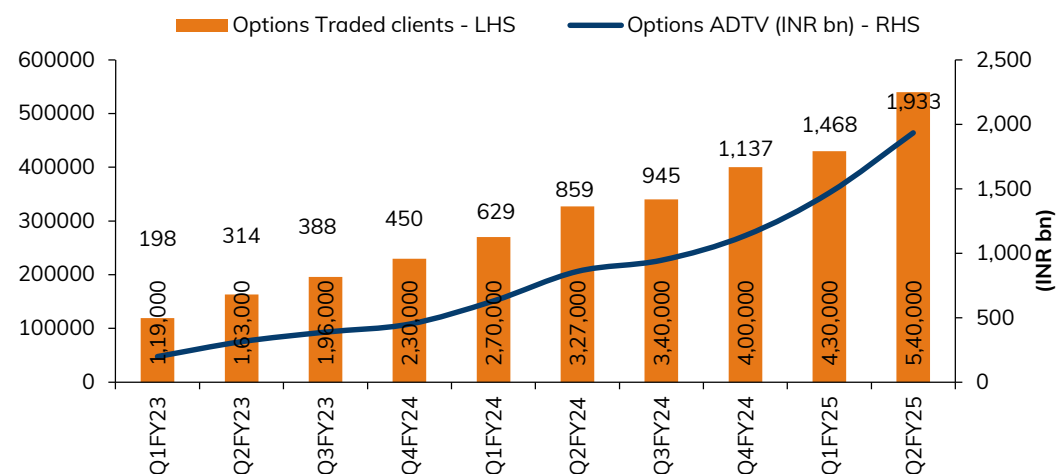
Exhibit 16: Trend for registered and traded UCC is positive

	Registered UCC, as per PPT	Traded UCC (PPT)	Traded UCC, as % of registered (PPT)
Q1FY23	1,07,17,641	2,38,000	2.22%
Q2FY23	99,75,263	2,91,000	2.92%
Q3FY23	1,06,48,199	3,25,000	3.05%
Q4FY24	95,91,805	3,50,000	3.65%
Q1FY24	1,00,99,457	3,90,000	3.86%
Q2FY24	1,39,54,498	4,45,000	3.19%
Q3FY24	1,44,84,585	4,77,000	3.29%
Q4FY24	2,30,58,165	5,30,000	2.30%
Q1FY25	2,58,00,000	5,70,000	2.21%
Q2FY25	2,89,00,000	6,80,000	2.35%

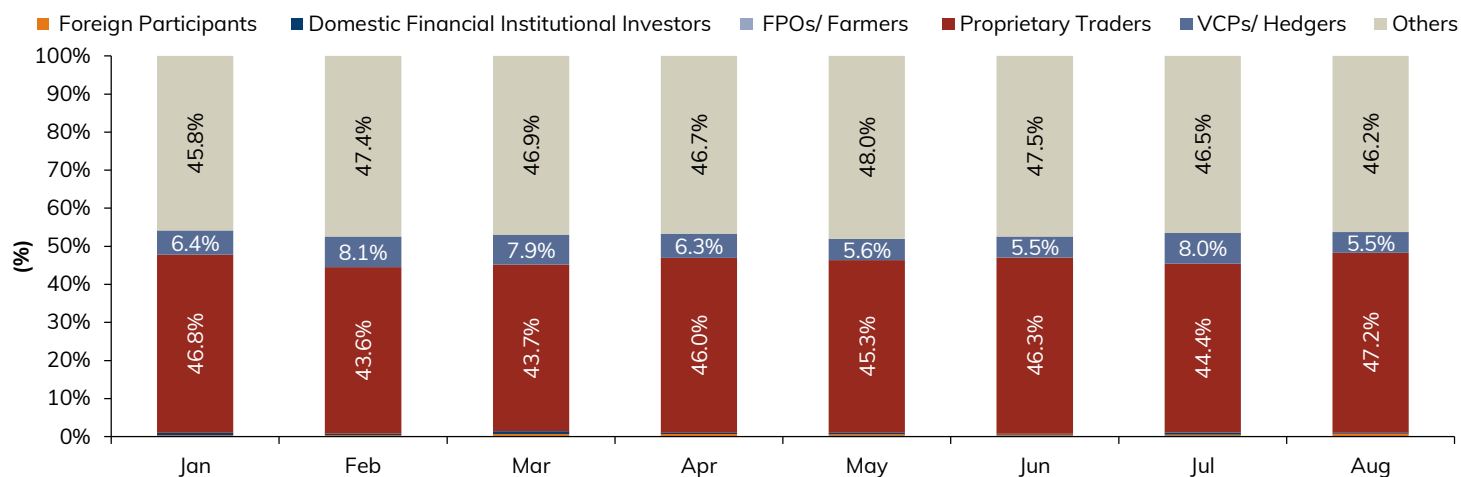
Source: I-Sec research, Company data

Exhibit 17: MCX Futures volume remained flattish and participation has not changed materially

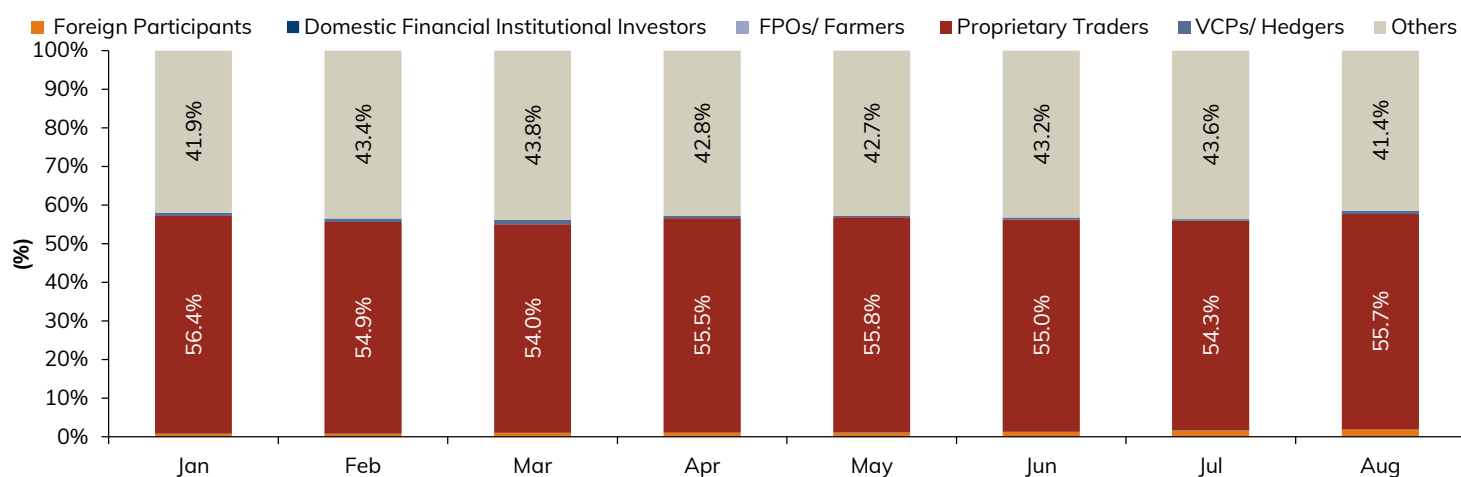
Source: I-Sec research, Company data

Exhibit 18: MCX options volume has seen robust growth with increase in participation

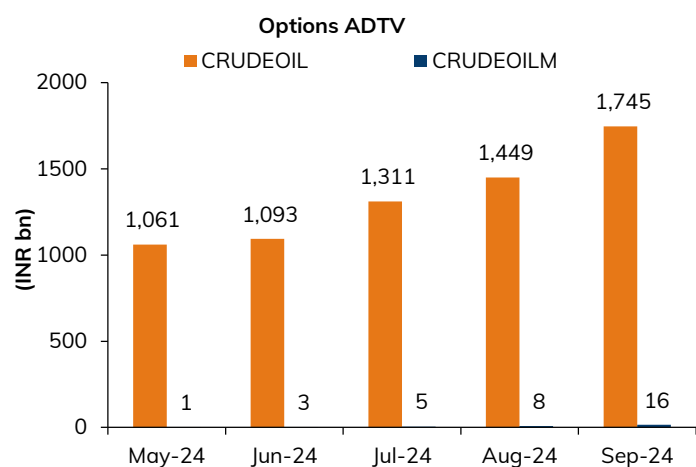
Source: I-Sec research, Company data

Exhibit 19: % Of total volume traded by different participants for futures in MCX

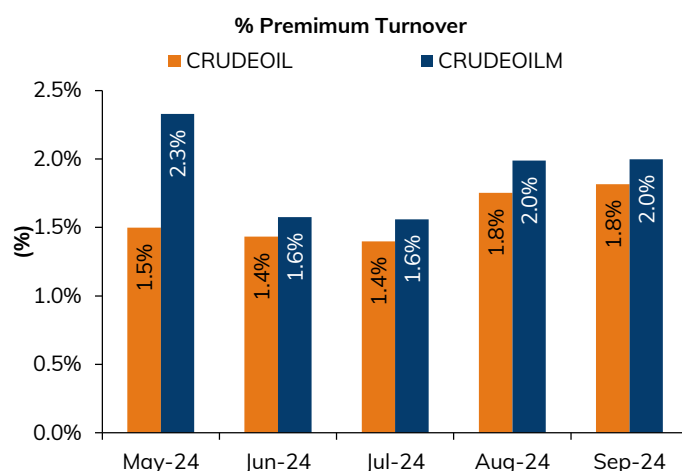
Source: I-Sec research, Company data

Exhibit 20: % Of total volume traded by different participants for options in MCX

Source: I-Sec research, Company data

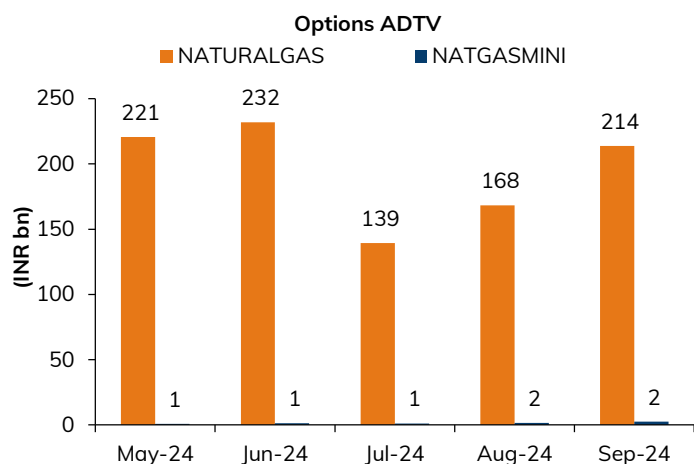
Exhibit 21: Since its launch, crude oil mini contracts are yet to see meaningful traction

Source: I-Sec research, Company data

Exhibit 22: Crude oil mini contracts have similar % premium turnover to crude oil contracts

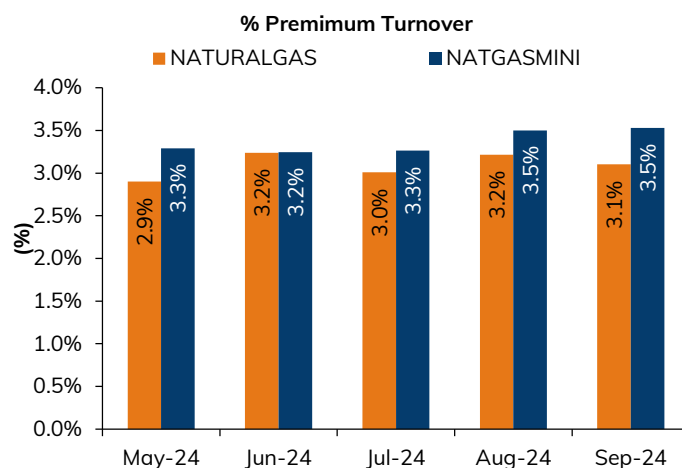
Source: I-Sec research, Company data

Exhibit 23: Since its launch, natural gas mini contracts are yet to see meaningful traction



Source: I-Sec research, Company data

Exhibit 24: Natural gas mini contracts have similar % premium turnover to Natural Gas contracts



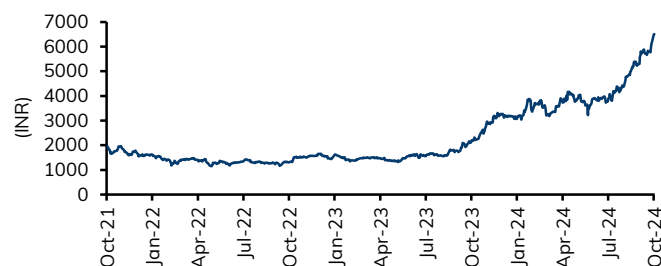
Source: I-Sec research, Company data

Exhibit 25: Shareholding pattern

%	Mar'24	Jun'24	Sep'24
Promoters	0.0	0.0	0.0
Institutional investors	80.1	78.0	79.7
MFs and others	34.7	35.0	35.4
FIs/Banks	20.2	20.9	20.7
FIIIs	25.2	22.1	23.6
Others	19.9	22.0	20.3

Source: Bloomberg

Exhibit 26: Price chart



Source: Bloomberg

Financial Summary

Exhibit 27: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25E	FY26E	FY27E
Net Sales	6,836	11,476	14,283	17,263
Operating Expenses	6,192	4,303	5,035	5,995
EBITDA	643	7,173	9,247	11,268
EBITDA Margin (%)	9.4	62.5	64.7	65.3
Depreciation & Amortization	359	532	560	605
EBIT	284	6,641	8,687	10,663
Interest expenditure	3	-	-	-
Other Non-operating Income	-	-	-	-
Recurring PBT	1,035	7,520	9,698	11,775
Profit / (Loss) from Associates	(15)	-	-	-
Less: Taxes	189	1,895	2,444	2,967
PAT	846	5,625	7,254	8,808
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	831	5,625	7,254	8,808
Net Income (Adjusted)	831	5,625	7,254	8,808

Source Company data, I-Sec research

Exhibit 28: Balance sheet

(INR mn, year ending March)

	FY24A	FY25E	FY26E	FY27E
Total Current Assets	11,390	16,346	21,568	28,334
of which cash & cash eqv.	9,656	13,845	18,986	25,688
Total Current Liabilities & Provisions	19,647	24,928	27,821	31,077
Net Current Assets	(8,258)	(8,582)	(6,252)	(2,743)
Investments	17,388	17,538	17,710	17,904
Net Fixed Assets	1,840	1,901	1,998	1,549
ROU Assets	-	-	-	-
Capital Work-in-Progress	544	544	544	544
Total Intangible Assets	1,940	2,090	2,240	2,391
Other assets	971	2,462	2,462	2,462
Deferred Tax assets	-	-	-	-
Total Assets	14,441	16,630	19,531	23,056
Liabilities				
Borrowings	-	-	-	-
Deferred Tax Liability	82	-	-	-
Provisions	28	28	28	28
Other Liabilities	546	567	567	568
Equity Share Capital	510	510	510	510
Reserves & Surplus	13,275	15,525	18,427	21,950
Total Net Worth	13,785	16,035	18,937	22,460
Minority Interest	-	-	-	-
Total Liabilities	14,441	16,630	19,531	23,056

Source Company data, I-Sec research

Exhibit 29: Cashflow statement

(INR mn, year ending March)

	FY24A	FY25E	FY26E	FY27E
Operating Cashflow	7,321	7,660	9,461	11,375
Working Capital Changes	6,879	2,382	2,658	3,075
Capital Commitments	(1,519)	(800)	(750)	(307)
Free Cashflow	5,802	6,860	8,711	11,068
Other investing cashflow	(7,559)	729	782	919
Cashflow from Investing Activities	(9,078)	(71)	32	612
Issue of Share Capital	-	-	-	-
Interest Cost	-	-	-	-
Inc (Dec) in Borrowings	-	-	-	-
Dividend paid	(390)	(3,375)	(4,353)	(5,285)
Others	-	-	-	-
Cash flow from Financing Activities	(390)	(3,375)	(4,353)	(5,285)
Chg. in Cash & Bank balance	(2,147)	4,214	5,141	6,702
Closing cash & balance	9,631	13,845	18,986	25,688

Source Company data, I-Sec research

Exhibit 30: Key ratios

(Year ending March)

	FY24A	FY25E	FY26E	FY27E
Per Share Data (INR)				
EPS(Basic Recurring)	16.3	110.3	142.2	172.7
Diluted Recurring EPS	16.3	110.3	142.2	172.7
Core EPS	4.8	97.0	127.0	155.9
Recurring Cash EPS	23.3	120.7	153.2	184.6
Dividend per share (DPS)	7.6	66.2	85.3	103.6
Book Value per share (BV)	270.3	314.4	371.3	440.4
Growth Ratios (%)				
Operating income	33.1	67.9	24.5	20.9
EBITDA	(57.0)	1,015.4	28.9	21.8
Recurring Net Income	(44.2)	576.8	29.0	21.4
Diluted Recurring EPS	(44.2)	576.8	29.0	21.4
Diluted Recurring CEPS	(30.2)	417.2	26.9	20.5
Valuation Ratios				
P/E	394.6	58.3	45.2	37.2
P/CEPS	275.5	53.3	42.0	34.8
P/BV	23.8	20.5	17.3	14.6
Core P/E	1,332.0	65.4	49.6	39.9
Operating Ratios				
Software support charge / Revenue	68.2	1.5	2.2	2.1
Employee charge / Revenue	19.9	11.9	10.1	9.1
Effective Tax Rate (%)	18.2	25.2	25.2	25.2
Current ratio	0.2	0.2	0.2	0.2
Return/Profitability Ratio (%)				
EBITDA Margins	9.4	62.5	64.7	65.3
Recurring Net Income Margins	11.0	45.5	47.4	47.9
RoCE	1.6	32.0	35.9	37.5
Dividend Payout Ratio	46.9	60.0	60.0	60.0
Dividend Yield	0.1	1.0	1.3	1.6
RoE	5.8	37.7	41.5	42.6

Source Company data, I-Sec research

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Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal, Contact number: 022-40701000, **E-mail Address** : complianceofficer@icicisecurities.com

For any queries or grievances: [Mr. Bhavesh Soni](#) Email address: headsservicequality@icicidirect.com Contact Number: 18601231122
