

Estimate change



TP change



Rating change



Bloomberg	MCX IN
Equity Shares (m)	51
M.Cap.(INRb)/(USDb)	338.1 / 4
52-Week Range (INR)	6680 / 2162
1, 6, 12 Rel. Per (%)	18/63/159
12M Avg Val (INR M)	2972
Free float (%)	100.0

Financials & Valuations (INR b)

Y/E Mar	2025E	2026E	2027E
Sales	11.8	15.0	17.5
EBIT Margin (%)	57.8	61.7	63.2
PAT	6.1	8.1	9.6
EPS (INR)	120.3	158.5	188.9
EPS Gr. (%)	638.3	31.7	19.2
BV/Sh. (INR)	294.4	326.1	363.8
Ratios			
RoE (%)	42.6	51.1	54.7
Valuations			
P/E (x)	54.9	41.7	34.9
P/BV (x)	22.4	20.2	18.1
Div Yield (%)	0.5	0.5	0.5

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	0.0	0.0	0.0
DII	57.5	57.3	56.4
FII	22.3	20.9	25.5
Others	20.3	21.9	18.1

FII Includes depository receipts

CMP: INR6,629

TP: INR7,600 (+15%)

Buy

Volumes at an all-time high; PAT above estimate

- MCX posted 73% YoY growth in operating revenue to INR2.9b (5% above our estimate) in 2QFY25. Operating revenue rose 67% YoY in 1HFY25.
- Revenue growth was driven by a surge in volumes, which jumped 114% YoY. Futures volumes grew 46% YoY to INR17.5t, while options volumes surged 129% YoY to INR126t during the quarter.
- EBIT stood at INR1.7b (vs. EBIT loss of INR353m in 2QFY24), which was 4% above our estimates.
- The company reported PAT of INR1.5b (vs. a loss of INR191m in 2QFY24), which grew 39% sequentially and was 7% higher than our estimate. For 1HFY25, MCX's PAT was INR2.6b (vs. INR6m in 1HFY24).
- We raise our FY25/26 EPS estimates by 10%/11%, factoring in the surge in volumes witnessed in 1HFY25, offset by a rise in SGF contribution. **We reiterate our BUY rating on the stock with a one-year TP of INR7,600 (premised on 44x Sep'26E EPS).**

Surge in options volumes boosts revenue growth

- Options ADT surged 125% YoY to INR1.9t, largely propelled by 194% YoY growth in bullion contracts and 117% YoY growth in energy contracts. Futures ADT rose 44% YoY to INR269b, fueled by 59%/61%/7% YoY growth in bullion/base metals/ energy contracts.
- Overall ADT jumped 110% YoY to INR22t in 2QFY25, resulting in 73% YoY growth in operating revenue to INR2.9b (5% above our estimate). During 1HFY25, **MCX reported 67% YoY growth in operating revenue. We expect the same to jump 78% YoY in 2HFY25.**
- Other income rose 33% YoY at INR252m and was 28% above our estimate.
- Staff costs increased 19% YoY to INR327m (1% lower than our estimate). Other expenses declined 56% YoY to INR735m (9% higher than our estimate). Other expenses were elevated due to higher-than-expected product license fees and contributions toward SGF.
- Higher-than-expected revenue led to a 7% beat on PAT, which stood at INR1.5b (vs. a loss of INR191m in 2QFY24). For 1HFY25, PAT was at INR2.6b (vs. INR6m in 1HFY24). **We expect PAT to jump ~3x YoY during 2HFY25.**

Key takeaways from the management commentary

- MCX is gradually contributing towards SGF on a need basis. Strengthening of SGF is being done for future scalability and new product launches.
- The surge in volumes has been driven by rising participation and an increase in turnover/clients. The decline in active participation did not have an impact as the number of clients rose.
- MCX has modified the existing Gold 1kg bi-monthly options to monthly expiry options, with effect from 11th Nov'24. The cotton seed wash oil contract was launched on 15 Oct'24 (5 tonne trading units) and has received a good response, according to the management.

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

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Valuation and view

We expect the strong growth in options volumes to continue, resulting in a revenue/EBITDA/PAT CAGR of 37%/163%/126% over FY24-27. MCX's key growth drivers include: 1) new product launches – futures & options; 2) continued volatility in key commodity prices (gold, crude oil, and natural gas) amid global uncertainties; and 3) sustained growth momentum in retail participation in the options market. With the technology overhang behind MCX and the availability of funds for further enhancement, we expect the scalability to improve. We raise our FY25/26 EPS estimate by 10%/11% factoring in the strong surge in volumes witnessed in 1HFY25. This will be offset by a slight increase in the expected SGF contribution. **We reiterate our BUY rating with a one-year TP of INR7,600 (premised on 44x Sep'26E EPS).**

Quarterly performance

Quarterly performance											INR m			
	FY24				FY25				FY24	FY25E	Est.	Var.	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QFY25	(%/bp)	(%)	(%)
Sales	1,458	1,651	1,915	1,811	2,344	2,856	3,139	3,476	6,835	11,815	2,729	4.6	73.0	21.9
YoY Gr. (%)	34.0	29.6	33.4	35.4	60.8	73.0	63.9	92.0	33.1	72.9	65.3			
Staff Costs	253	274	290	307	321	327	333	333	1,123	1,314	328	(0.6)	19.3	1.8
Other expenses	1,098	1,664	1,822	484	697	735	808	888	5,069	3,128	676	8.6	(55.9)	5.4
EBITDA	107	-287	-197	1,020	1,326	1,794	1,997	2,255	643	7,372	1,724	4.1	NA	35.4
Depreciation	43	66	113	138	134	140	140	124	359	539	134	-	113.5	4.5
EBIT	64	-353	-310	882	1,191	1,654	1,857	2,131	283	6,833	1,590	4.0	NA	38.8
Margins (%)	4.4	-21.4	-16.2	48.7	50.8	57.9	59.2	61.3	4.1	57.8	58.3			
Interest Costs	1	1	1	1	1	1	1	1	3	3	1		66.7	100.0
Other Income	204	189	177	183	188	252	265	306	754	1,012	198	27.7	33.5	34.1
PBT bef. Exceptional items	267	-164	-133	1,065	1,379	1,906	2,121	2,436	1,035	7,842	1,787	6.6	NA	38.2
Tax	58	16	-91	205	273	374	424	654	189	1,725	357	4.5	NA	36.7
Rate (%)	21.6	-9.9	68.3	19.3	19.8	19.6	20.0	26.8	18.2	22.0	20.0			
Profit from associate	-13	-10	-11	19	4	4	0	11	-15	19	0.0			
PAT	197	-191	-54	878	1,109	1,536	1,697	1,793	831	6,136	1,430	7.4	NA	38.5
Y-o-Y Gr. (%)	-53	-130	-114	1,512	464	-906	-3,272	104	-44	638	-850			
EPS (INR)	3.9	-3.7	-1.1	17.3	21.8	30.2	33.4	35.3	16.3	120.3	28.1	7.4	NA	38.5
Total volumes (INR t)	51.8	67.0	73.6	82.7	112.3	143.2	153.6	167.3	275.0	576.3	143.2	-	113.8	27.5
Q-o-Q Gr. (%)	23.4	29.3	9.9	12.4	35.8	27.5	7.3	8.9			27.5			
Y-o-Y Gr. (%)	80.7	86.3	80.6	97.1	116.8	113.8	108.7	102.4	86.7	109.6	113.8			

Changes to our estimates

INRm	New estimates			Old estimates			Change		
Year End	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Sales	11.8	15.0	17.5	10.8	13.3	15.9	10%	13%	10%
EBIT margin (%)	57.8	61.7	63.2	56.9	61.4	64.2	97bp	30bp	-108bp
PAT	6.1	8.1	9.6	5.6	7.2	9.0	10%	11%	7%
EPS (INR)	120.3	158.5	188.9	109.3	142.2	176.1	10%	11%	7%
EPS Gr. (%)	638.3	31.7	19.2	570.4	30.1	23.9			
BV/Sh. (INR)	294.4	326.1	363.8	292.1	320.6	355.8	1%	2%	2%
Ratio									
RoE (%)	42.6	51.1	54.7	38.8	46.4	52.1	377bp	468bp	267bp
Valuations									
P/E (x)	55.1	41.8	35.1	55.8	42.9	34.6			
P/BV (x)	22.5	20.3	18.2	20.9	19.0	17.1			
Div Yld (%)	0.5	0.5	0.5	0.6	0.6	0.6			

Key takeaways from the management commentary

Financial performance:

- Futures contributed 30% of transaction charges, while options contributed 70%.
- Effective tax rate will be maintained in the range of 21-23%.
- IT costs have gradually increased but marginal savings have been witnessed compared to previous arrangement with 63 moons technologies.
- AMC cost will start coming from 3QFY24 as warranties begin to expire.
- The company is gradually contributing towards SGF on a need basis. Strengthening of SGF is being done for future scalability and new product launches.
- Float income was of INR200m in 2QFY25 (INR180m in 1QFY25).
- Other income continues to grow with the rise in open interest, boosting surplus funds and margin money.
- MCX has INR10b surplus cash in hand, which can be utilized towards working capital and technology, as required in the future.

Business highlights:

- 117 FPIs have been registered within two months of FPI participation approval. Currently, trading is being done in crude and natural gas and more products will be brought under post-regulatory approval.
- Regulatory norms do not allow colocation facility currently and the company will implement the same once the regulator allows.
- Premium to notional turnover is difficult to predict due to high volatility. The shift to the monthly 1 kg gold option contracts should not have an adverse impact on the ratio, as per the management.
- Surge in volumes is being driven by the rising participation and increase in turnover/clients. The decline in active participation did not have an impact as number of clients rose.
- India International Bullion Holding is a relatively new exchange with a long-term gestation period and profitability cycle. Growth will commence gradually.
- Base metal contracts have faced various headwinds such as GST issue (due to multiple delivery centers) and the change to deliverable contracts (vs. cash-settled contracts earlier).
- Single-tier transaction charge introduced to adhere to true-to-label regulations. This has effectively reduced the charges for a vast majority of clients.

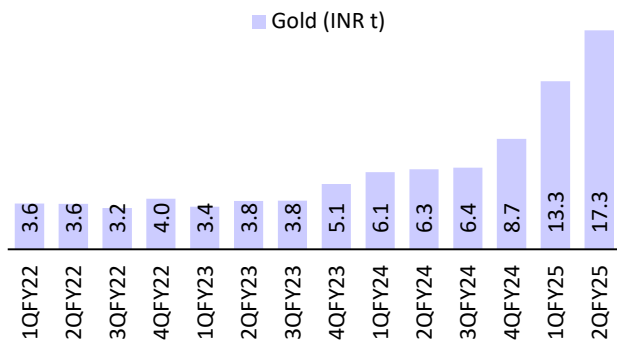
New products:

- MCX has modified the existing Gold 1 kg bi-monthly options to monthly expiry options, with effect from 11th Nov'24.
- The cotton seed wash oil contract was launched on 15th Oct'24 (5 tonne trading units) and has received a good response, as per the management.
- Several products exist in the pipeline with a few awaiting regulatory approvals (like electricity contracts) and a few under the internal testing phase.

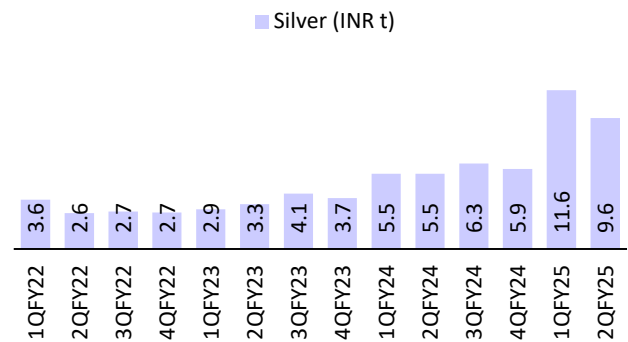
Exhibit 1: Volume performance

Volumes (INR b)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
Agro Commodities	118	42	41	11	16	15	10	15	10	10
Base Metals	2,131	2,643	2,639	2,067	1,400	1,343	1,119	963	2,126	2,295
Bullion	7,013	7,863	8,892	9,752	12,477	12,624	13,630	15,253	25,990	27,861
Energy	19,322	25,334	29,121	30,086	37,856	52,965	58,802	66,434	84,151	1,12,990
Index	72	62	54	39	35	21	14	10	15	6
Total	28,655	35,944	40,748	41,954	51,783	66,967	73,575	82,675	1,12,292	1,43,162
Mix (%)										
Agro Commodities	0.4	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Base Metals	7.4	7.4	6.5	4.9	2.7	2.0	1.5	1.2	1.9	1.6
Bullion	24.5	21.9	21.8	23.2	24.1	18.9	18.5	18.4	23.1	19.5
Energy	67.4	70.5	71.5	71.7	73.1	79.1	79.9	80.4	74.9	78.9
Index	0.3	0.2	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0
YoY Growth (%)										
Agro Commodities	(69.3)	(84.6)	(85.7)	(94.2)	(86.4)	(64.8)	(76.1)	43.3	(39.3)	(34.6)
Base Metals	(51.9)	(29.4)	(25.5)	(38.8)	(34.3)	(49.2)	(57.6)	(53.4)	51.9	71.0
Bullion	(13.4)	14.9	33.2	31.5	77.9	60.5	53.3	56.4	108.3	120.7
Energy	219.9	154.8	169.7	101.6	95.9	109.1	101.9	120.8	122.3	113.3
Index	(65.2)	(69.0)	(78.5)	(80.8)	(51.0)	(66.1)	(74.1)	(75.2)	(58.0)	(71.9)
Total	49.6	71.2	89.0	60.7	80.7	86.3	80.6	97.1	116.8	113.8
QoQ Growth (%)										
Agro Commodities	(35.8)	(64.7)	(1.2)	(74.3)	51.8	(8.8)	(32.8)	54.1	(35.8)	(1.8)
Base Metals	(36.9)	24.0	(0.1)	(21.7)	(32.3)	(4.1)	(16.7)	(13.9)	120.7	8.0
Bullion	(5.5)	12.1	13.1	9.7	27.9	1.2	8.0	11.9	70.4	7.2
Energy	29.4	31.1	14.9	3.3	25.8	39.9	11.0	13.0	26.7	34.3
Index	(64.3)	(13.7)	(12.4)	(29.0)	(8.6)	(40.3)	(33.2)	(31.8)	54.6	(60.1)
Total	9.8	25.4	13.4	3.0	23.4	29.3	9.9	12.4	35.8	27.5
FUTCOM	16,078	15,484	15,476	12,986	13,313	11,987	13,087	11,052	16,876	17,506
FUTIDX	72	62	54	39	35	21	14	10	15	6
OPTFUT	12,505	20,398	25,218	28,930	38,435	54,959	60,473	71,613	95,401	1,25,651
Total	28,655	35,944	40,748	41,954	51,783	66,967	73,575	82,675	1,12,292	1,43,162
Mix (%)										
FUTCOM	56.1	43.1	38.0	31.0	25.7	17.9	17.8	13.4	15.0	12.2
FUTIDX	0.3	0.2	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0
OPTFUT	43.6	56.7	61.9	69.0	74.2	82.1	82.2	86.6	85.0	87.8
YoY Growth (%)										
FUTCOM	(9.3)	(8.0)	(1.5)	(20.9)	(17.2)	(22.6)	(15.4)	(14.9)	26.8	46.0
FUTIDX	(65.2)	(69.0)	(78.5)	(80.8)	(51.0)	(66.1)	(74.1)	(75.2)	(58.0)	(71.9)
OPTFUT	928.5	413.2	350.6	204.8	207.4	169.4	139.8	147.5	148.2	128.6
Total	49.6	71.2	89.0	60.7	80.7	86.3	80.6	97.1	116.8	113.8
QoQ Growth (%)										
FUTCOM	(2.0)	(3.7)	(0.1)	(16.1)	2.5	(10.0)	9.2	(15.6)	52.7	3.7
FUTIDX	(64.3)	(13.7)	(12.4)	(29.0)	(8.6)	(40.3)	(33.2)	(31.8)	54.6	(60.1)
OPTFUT	31.8	63.1	23.6	14.7	32.9	43.0	10.0	18.4	33.2	31.7
Total	9.8	25.4	13.4	3.0	23.4	29.3	9.9	12.4	35.8	27.5

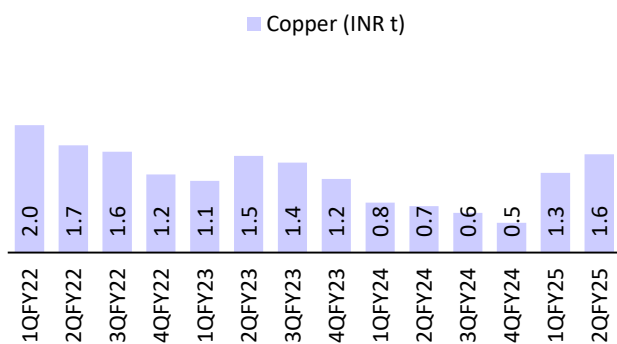
Source: Company, MOFSL

Exhibit 2: Gold volumes rose to an all-time high of INR17.3t

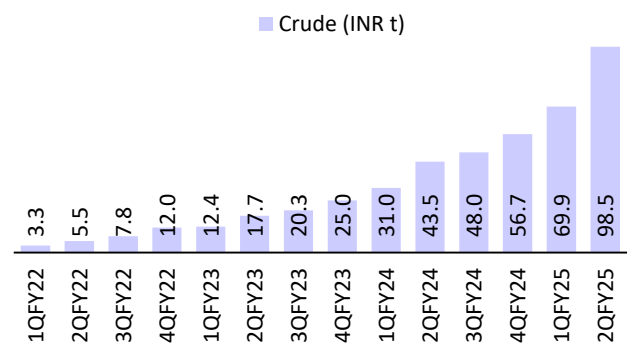
Source: Company, MOFSL

Exhibit 3: Silver volumes declined to INR9.6t

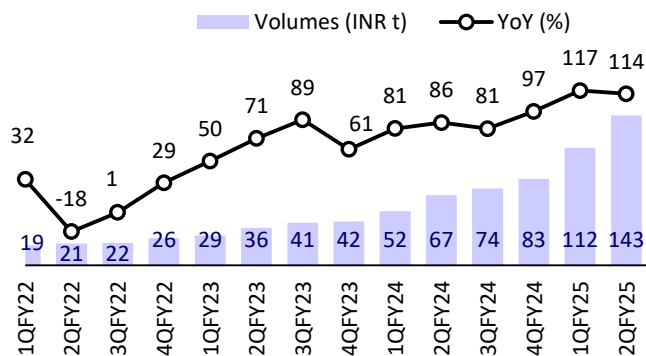
Source: Company, MOFSL

Exhibit 4: Copper volumes increased to INR1.6t

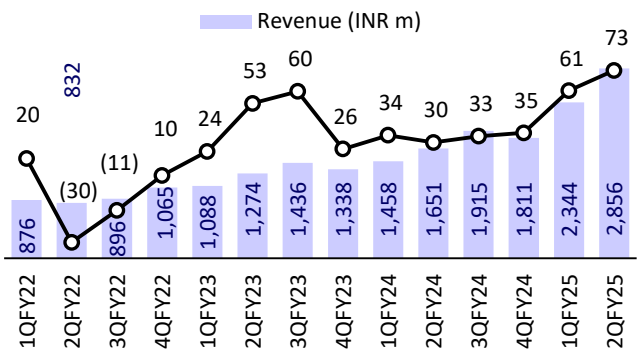
Source: Company, MOFSL

Exhibit 5: Crude oil volumes nearing the INR100t mark

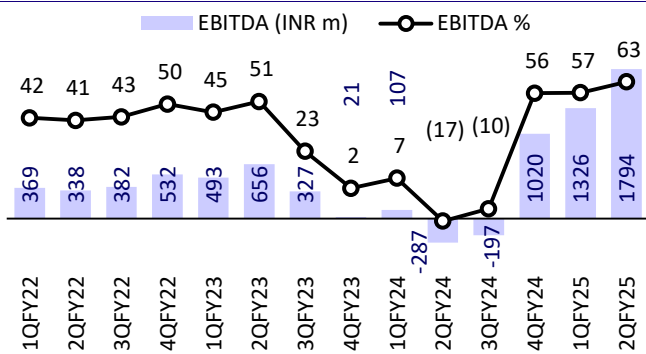
Source: Company, MOFSL

Exhibit 6: Volume surge fueled by the options segment...

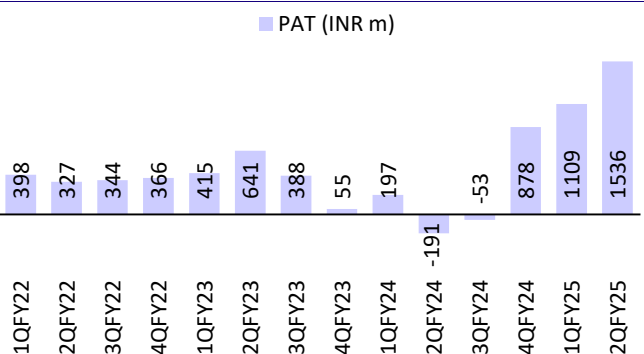
Source: MOFSL, Company

Exhibit 7: ...translating into revenue growth of 73% YoY

Source: MOFSL, Company

Exhibit 8: EBITDA margin improved to 63%

Source: MOFSL, Company

Exhibit 9: Trend in PAT (INR m)

Source: MOFSL, Company

Financials and valuations

Income statement

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Sales	3,742	3,906	3,668	5,135	6,836	11,815	14,961	17,450
Change (%)	25	4	(6)	40	33	73	27	17
Cost of Services	1,463	1,388	1,440	2,880	5,052	2,226	2,440	2,656
SG&A Expenses	730	667	607	759	1,140	2,217	2,702	3,122
Provisions								
EBITDA	1,549	1,851	1,621	1,497	643	7,372	9,818	11,673
% of Net Sales	41	47	44	29	9	62	65.63	66.89
Depreciation	182	221	227	216	359	539	595	651
EBIT	1,367.1	1,630.7	1,394.5	1,281.0	284	6,833	9,224	11,021
Interest	2	2	3	2	3	3	3	3
Other Income	1,289	1,038	665	677	754	1,012	1,139	1,329
EO Item (net)	-	-	204	-	-	-	-	-
PBT	2,654	2,667	1,853	1,956	1,035	7,842	10,360	12,348
Tax	389	415	406	416	189	1,725	2,279	2,716
Rate (%)	15	16	22	21	18	22	22	22
PAT before MI	2,266	2,251	1,447	1,540	846	6,117	8,081	9,631
Minority Interest	(99)	(1)	12	50	15	(19)	-	-
PAT	2,365	2,252	1,435	1,490	831	6,136	8,081	9,631
Extraordinary								
Net Income	2,365	2,252	1,435	1,490	831	6,136	8,081	9,631
Change (%)	62	(5)	(36)	4	(44)	638	32	19

Balance Sheet

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Share Capital	510	510	510	510	510	510	510	510
Reserves	13,084	13,672	13,671	14,283	13,275	14,502	16,118	18,044
Net Worth	13,594	14,182	14,181	14,793	13,785	15,012	16,628	18,554
SGF	4,098	4,692	5,256	5,898	7,806	7,806	7,806	7,806
Loan & other long term liab.	546	576	658	561	656	668	679	691
Capital Employed	18,237	19,451	20,095	21,252	22,246	23,485	25,113	27,051
Net Block	1,820	1,857	2,513	3,172	3,938	4,309	4,759	5,209
CWIP	5	12	434	519	79	79	79	79
Other LT Assets	149	185	3,018	2,543	11,561	11,833	12,119	12,419
Investments	10,508	11,885	4,440	8,441	6,025	6,628	7,291	8,020
Curr. Assets	15,028	11,283	18,225	16,259	14,504	14,734	15,205	15,910
Current Investments	6,618	5,985	7,135	2,024	3,114	4,614	6,114	7,614
Debtors	65	90	115	146	679	693	707	721
Cash & Bank Balance	7,593	4,261	9,755	11,779	9,656	8,352	7,287	6,456
Loans & Advances	2	1	222	1,328	543	554	565	576
Other Current Assets	751	948	998	983	511	522	532	543
Current Liab. & Prov	9,109	5,575	7,911	8,976	11,842	12,079	12,320	12,567
Net Current Assets	5,919	5,709	10,314	7,283	2,662	2,655	2,884	3,343
Application of Funds	18,401	19,647	20,719	21,958	24,266	25,505	27,133	29,071

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Basic (INR)								
EPS	46.4	44.2	28.1	29.2	16.3	120.3	158.5	188.9
Cash EPS	50.4	49.2	33.6	34.3	24.6	133.2	172.7	204.4
Book Value	266.6	278.1	278.1	290.1	270.3	294.4	326.1	363.8
DPS	30.0	27.7	30.0	19.1	-	35.0	35.0	35.0
Payout %	83.0	77.1	129.6	63.2	-	80.0	80.0	80.0
Valuation (x)								
P/E	142.3	149.4	234.5	225.9	405.0	55.1	41.8	35.1
Cash P/E	130.8	134.3	196.6	192.2	268.0	49.8	38.4	32.4
Price/Book Value	24.8	23.7	23.7	22.8	24.4	22.5	20.3	18.2
Dividend Yield (%)	0.5	0.4	0.5	0.3	-	0.5	0.5	0.5
Profitability Ratios (%)								
RoE	18.1	16.2	10.1	10.3	5.8	42.6	51.1	54.7

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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