

**MCX**
**Company Update**

CMP	1190
Target Price	1470
Previous Target Price	-
Upside	24%
Change from Previous	-

**Market Data**

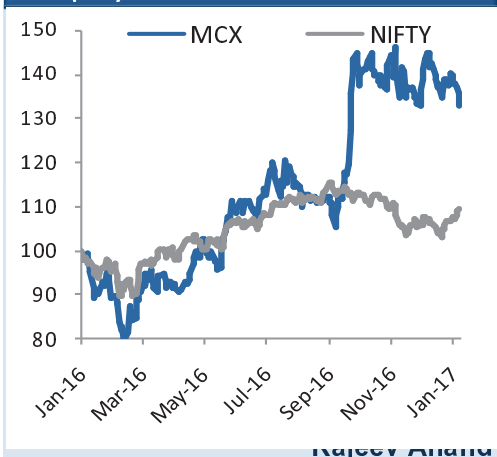
BSE Code	534091
NSE Symbol	MCX
52wk Range H/L	1420/726
Mkt Capital (Rs Cr)	6,071
Av. Volume(,000)	374
Nifty	8,400

**Stock Performance**

	1M	3M	12M
Absolute	-11.3	-9.7	32.4
Rel.to Nifty	-14.1	-6.2	21.3

**Share Holding Pattern-%**

	3QFY17	2QFY17	1QFY17
Promoters			
Public	99.7	99.7	99.6
Others	0.3	0.4	0.4
Total	100.0	100.0	100.0

**Company Vs NIFTY**


Result reported by mcx is largely inline to our estimates. Ebitda margin disappointed us. EBITDA margin declined due to one off Rs 3.5cr employee expenses provisioning of previous two quarters and one off other expenses of approx. Rs1.75 cr. Average daily turnover is remained 21023 cr in this quarter lower by approx. 16 percent to the previous quarter. Sales for this quarter was largely inline to our estimates. Mcx will be key beneficiary of launch of option trading in commodity market. For a longer term perspective launch of option will have a very positive effect on company's volume. Mcx has strong balance sheet with no debt . As market will mature, more trading participants will be allowed to hedge and trade in commodity market which will be positive for MCX as it has dominant market share. Earlier we had BUY recommendation on MCX at the price of Rs 991 for the target price of Rs 1400 on 2<sup>nd</sup> sept2016 and we booked profit in it on 30 Sept2016(up by 38%). Form our book profit price, now MCX has corrected much and considering long term prospects of MCX, we are bullish on this stock. We recommend to buy this stock with a target price of Rs 1470.

**Q3FY17\_Result Update**

MCX sales for this quarter grew by 20% YoY led by increase it transaction fees. EBITDA declined by 4% YoY due to one off employee (Rs 3.5 cr) and Other expenses(Rs 1.75 cr). EBITDA margin declined by 712 bps YoY to 28.1% from 35.2%. Ad and promotion cost for this quarter declined by 394 bps YoY to 1% from 5%. The company has reported other income of Rs 31 cr in this quarter as against Rs 20 cr in Q3FY16. PAT margin for this quarter improved by 1873 bps YoY led by strong other income number.PAT grew by 94% YoY to Rs 34 cr in this quarter.

**Concall Highlights:**

- Post demonization some impact in volume. Bullion segment volume is impacted. Turnover in this segment took some down turn.
- The company will looking for launching new products in future segment .
- Filed application for creating Clearing Corporation and expected to get approval in 4-6 weeks. After approval, MCX will launch it in 1QFY18.
- The company has launched contract on caster seeds.
- At present there MCX has no plan to open an exchange in GIFT CITY. But company is keeping close eye on latest developments.
- The company is expecting bullion segment volume to come back.
- Optional trading: After SEBI final guidelines, it will take 4 weeks to launch options contracts in MCX.

	Rs,Cr				
Financials	2013	2014	2015	2016	2017E
Sales	524	341	222	235	269
EBITDA	315	146	88	77	91
Net Profit	113	18	61	40	61
EPS	59	30	25	8	30
ROE	26%	13%	10%	4%	12%