

MTF Growth Eases Sequentially, While ADTO Sees Continued Strength

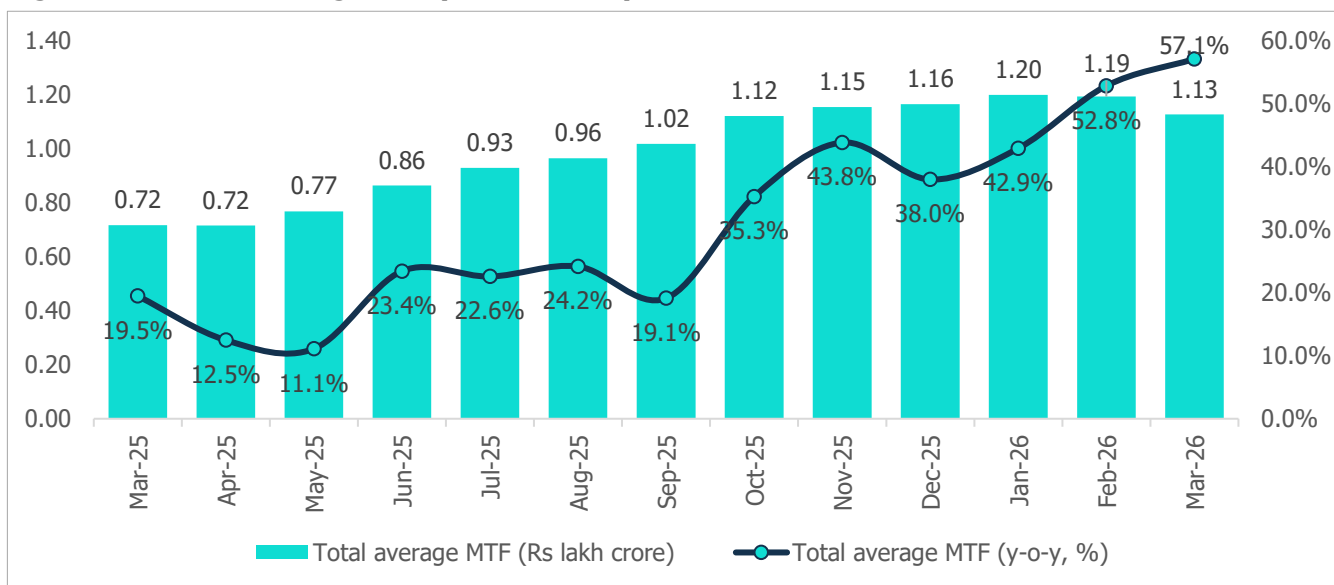
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Synopsis

- As of March 2026, the MTF book declined by 5.6% sequentially, compared to 3.0% growth in January 2026. The moderation primarily reflects recent market weakness and a more cautious trading approach. Meanwhile, the MTF book grew by 57.1% y-o-y to Rs 1.13 lakh crore, a 1.5x increase over the past year, reflecting continued growth in leveraged equity exposure.
- The Average Daily Turnover (ADTO) across Futures & Options (F&O) and equity rose significantly by 46.5% y-o-y to Rs 517.7 lakh crore, supported by a low base and strong derivatives activity, with volatility further supporting trading volumes. Sequentially, ADTO rose by Rs 2.12 lakh crore in March 2026, supported by higher year-end trading, including portfolio rebalancing and tax-related activity. Cash market ADTO also improved, increasing 28.9% y-o-y, aided by steady retail participation and spillover from derivatives activity.

MTF Book Softens Sequentially Amid Sustained Uptrend

Figure 1: Trend in Average MTF (Rs lakh crore)



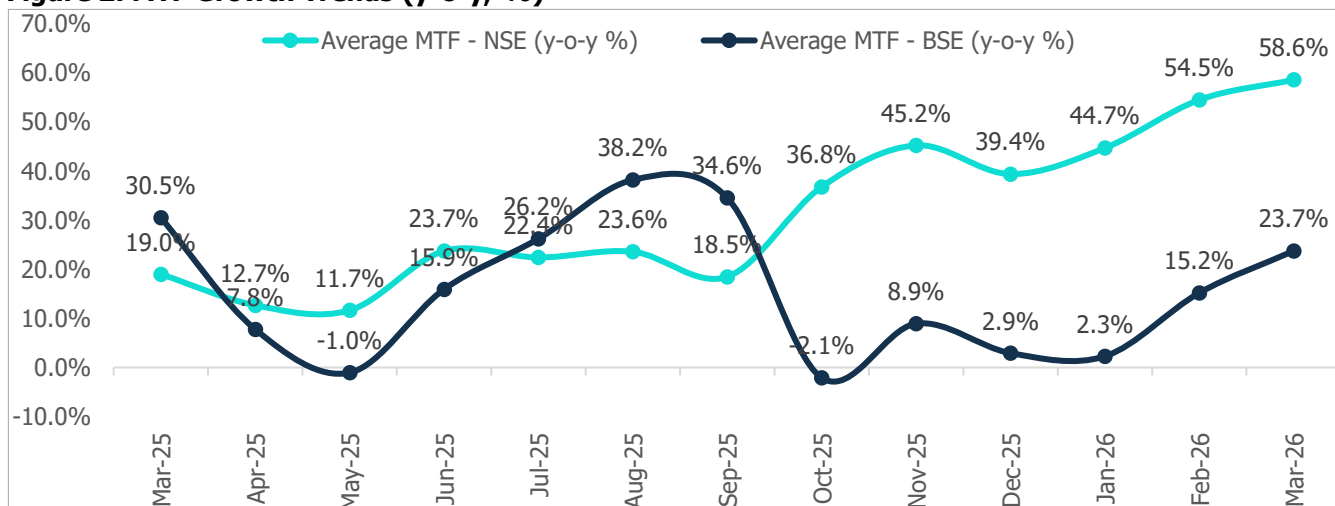
Source: NSE and BSE. Note: To calculate the average MTF, data from all Tuesdays in the month and the last working day of each month were considered.

- As of March 2026, the total average MTF book stood at Rs 1.13 lakh crore, registering a sequential decline for the second month by 5.6%, following a decline of 0.5% in February 2026 compared to a 3.0% increase in January 2026. The moderation likely reflects weaker market conditions, elevated volatility, and geopolitical uncertainties, which led to a more cautious approach and some pullback in leveraged positions. On a y-o-y basis, however, the MTF book recorded a strong growth of 57.1%, significantly higher than the 19.5% growth in March 2025, indicating continued strength in retail participation and sustained interest in leveraged positions despite intermittent market fluctuations.

- NSE continued to dominate the MTF segment, contributing over 95% of total MTF volumes. The average MTF book on NSE rose to Rs 1.09 lakh crore in March 2026, reflecting a strong 58.6% y-o-y growth. However, on a sequential basis, the MTF book declined by Rs 0.07 lakh crore.
- In contrast, BSE’s MTF book remained relatively small in comparison and recorded a 23.7% y-o-y increase in March 2026, while volumes saw a marginal m-o-m decline of 0.9%.

NSE Drives Steady MTF Growth, While BSE Shows Volatile Recovery

Figure 2: MTF Growth Trends (y-o-y, %)



Source: NSE, BSE, Note: The average MTF has been computed using data from all Tuesdays and the last working day of each month.

Year-End Trades, Expiry Activity, and Volatility Lifts Volume

Figure 3: Trend in ADTO - F&O Turnover (Rs lakh crore, y-o-y %)

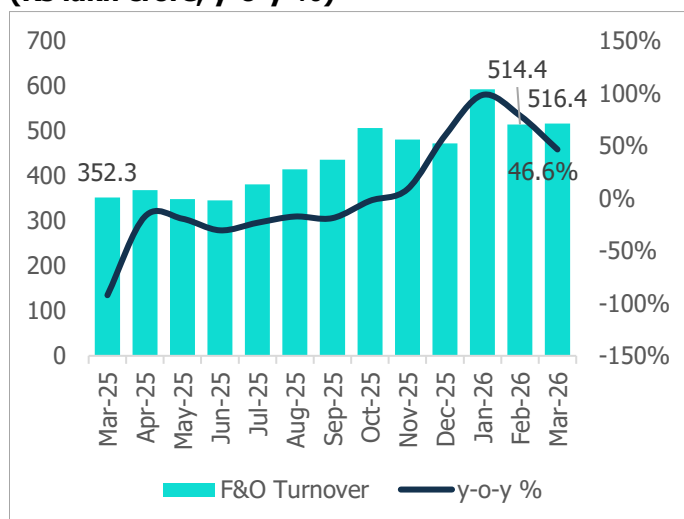
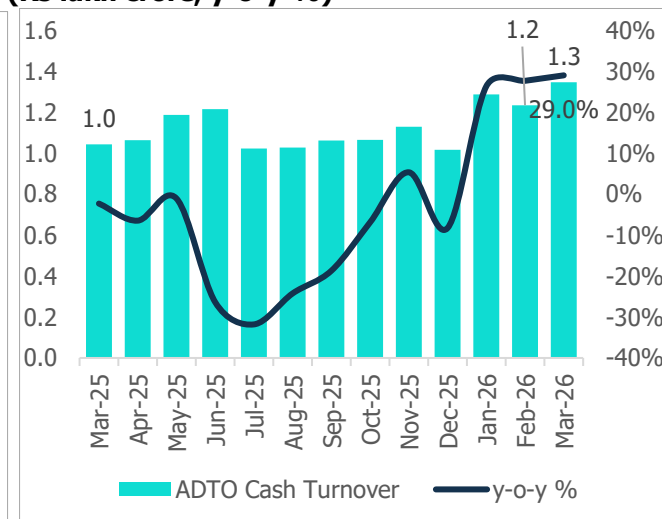


Figure 4: Trend in ADTO - Equity Turnover (Rs lakh crore, y-o-y %)



Source: NSE, BSE

- As of March 2026, ADTO across F&O and equity stood at Rs 517.7 lakh crore, recording a 46.5% y-o-y increase. This significant growth is partly due to a low base in March 2025, when trading activity was impacted by regulatory tightening. On a sequential basis, ADTO increased by Rs 2.12 lakh crore in March 2026, primarily due to higher trading activity during the financial year-end, including portfolio adjustments and tax-related

trades. Additionally, the March derivatives expiry (quarter-end) led to increased rollover and unwinding of positions, further boosting volumes. Elevated market volatility, driven in part by global geopolitical tensions, also supported higher trading and hedging activity.

- Cash market activity also improved, with ADTO rising 28.9% y-o-y to Rs 1.35 lakh crore, compared with a 2.3% contraction a year earlier. Sequentially, cash market turnover increased by Rs 0.11 lakh crore, supported by financial year-end portfolio adjustments and spillover from heightened derivatives activity. Additionally, sustained retail participation and volatile market conditions contributed to modest trading activity in the cash segment.

CareEdge Ratings' View

In March 2026, the MTF book maintained strong momentum, growing 57.1% y-o-y to Rs 1.13 lakh crore, reflecting continued investor participation in leveraged positions in the cash market. On a sequential basis, however, the MTF book declined, indicating some moderation amid volatile market conditions. Overall market activity remained strong y-o-y, with ADTO rebounding, supported by a low base, improved liquidity, and sustained investor participation, particularly in the F&O segment. On a m-o-m basis, ADTO increased modestly, driven by financial year-end trading activity and derivatives expiry-related volumes. However, the increase was partly offset by cautious sentiment following the rise in STT announced in the Union Budget 2026–27, which raised transaction costs in the F&O segment, along with ongoing global uncertainties. This is expected to weigh on turnover in FY27. Additionally, the implementation of RBI's regulatory amendments has been deferred from April 2026 to July 2026, with potential implications for trading volumes post-implementation.

Going forward, steady investor participation and the gradual absorption of regulatory changes are expected to support stable growth in the MTF segment and overall market turnover. However, geopolitical tensions in the Middle East remain a key risk factor. A sustained rise in crude oil prices could increase market volatility and affect investor sentiment, potentially leading to a more cautious approach toward leveraged positions and trading activity. While the RBI continues to maintain comfortable system liquidity, ongoing global uncertainties may result in intermittent volatility, which could moderate the pace of growth in both MTF exposures and overall ADTO.

Contact

Saurabh Bhalerao	Associate Director – BFSI Research	saurabh.bhalerao@careedge.in	+91 - 22 - 6754 3519 / +91-90049 52514
Dr. Sudam Shingade	Associate Director – BFSI Ratings	sudam.shingade@careedge.in	+91 - 22 - 6754 3608 /+91-90048 74023
Ankush Pathrabe	Analyst – BFSI Research	ankush.pathrabe@careedge.in	+91 - 22 -6754 1629 /+91- 903998 4978
Mradul Mishra	Media Relations	mradul.mishra@careedge.in	+91 - 22 - 6754 3596

CARE Ratings Limited

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022
Phone : +91 - 22 - 6754 3456 | CIN: L67190MH1993PLC071691

Connect:



Locations: Ahmedabad | Andheri-Mumbai | Bengaluru | Chennai | Coimbatore | Hyderabad | Kolkata | Noida | Pune

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