

MCX/SEC/1950

June 30, 2021

BSE Limited
Department of Corporate Services
PJ Towers
Dalal Street
Mumbai - 400 001.

Ref: Scrip code: 534091 Scrip ID: MCX

Subject: Transcript of the conference call with investor/analysts.

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021, please find enclosed herewith the following transcript(s) of the conference call with investors/analysts.

Sr. No.	Investors/Analysts	Date of Call	Time	Annexure
1.	Kayne Anderson Rudnick Investment Management	June 24, 2021	7.30 pm	<i>Annexure - A</i>

Note: The audio/video recording(s) of the above meeting(s) are uploaded on the website of the Company at <https://www.mcxindia.com/investor-relations/ir-meetings>

Kindly take the same on record and acknowledge receipt.

Thanking you,

Yours faithfully,

For Mufti Commodity Exchange of India Limited

Ajay Puri
Company Secretary

Encl: As above



“Multi Commodity Exchange of India Limited Conference Call”

**Kayne Anderson Rudnick Investment Management,
June 24, 2021**

Disclaimer:

This transcript is provided without express or implied warranties of any kind, and should be read in conjunction with the accompanying materials published by the company. The information contained in the transcript is a textual representation of the company’s event and while efforts are made to provide an accurate transcription, there may be material errors, omissions, or inaccuracies in the reporting of the substance of the event. The transcript has been edited wherever required for clarity, correctness of data or transcription error.

This document may contain “forward-looking statements” – that is, statements related to future, not past, events. In this context, forward looking statements often address our expected future business and financial performance, often contain words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “seeks”, “should” or “will”. Forward-looking statements by their nature address matters that are, to different degrees, uncertain. These uncertainties may cause our actual results to be materially different that those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements.



SPEAKERS: **MR. D.G. PRAVEEN – HEAD, INVESTOR RELATIONS,
MCX LIMITED**
**MR. SATYAJEET BOLAR – CHIEF FINANCIAL OFFICER,
MCX LIMITED**
**MR. VIJAY IYER – INVESTOR RELATIONS, MCX
LIMITED**

Vijay Iyer: Hello, Mr. Kim?

Katie Advena: Hello this is Katie Advena from Kayne Anderson Rudnick.

Vijay Iyer: Hi, good evening. Good morning to you there, Vijay here from MCX.

Katie Advena: Perfect, hi, how are you? Yes, good evening to you it's kind of late.

Vijay Iyer: Yes, it's around 7:30 in the evening in Mumbai.

Katie Advena: Yes, thanks so much for your time for doing the call so late for you guys.

Vijay Iyer: No issues. Hope all are safe and things are coming back gradually to normalcy at your place.

Katie Advena: Sorry, you are breaking up a little bit.

Vijay Iyer: I said, hope all safe and fine, things are looking good back in U.S.

Katie Advena: Yes, things are looking a little bit better, we are still working from home mostly but after the summers seems like we might be going back to the office. And things have been challenging for India a little bit for some time. But hopefully you guys are on the right track and moving in the right direction there.

Vijay Iyer: Yes, so gradually things are under control, speaking of cases and Mumbai not fully but yes partially it is kind of ___.

Katie Advena: That's great to hear and I wanted to ask you, are we waiting for someone else on your side to join the call or?

Vijay Iyer: So, my colleague Mr. D G Praveen, who's the Investor Relations Head, and our CFO Satyajeet Bolar, should be on the call anytime.

Katie Advena: Okay. And, one of my colleague should be joining as well. So, we'll just give them a couple of more minutes.

Vijay Iyer: Yes, no problem.

Katie Advena: I wanted to ask you, I saw that you guys are kind of recording this call then making them available which is very helpful for us to look through the transcripts of your calls. So, I was just curious when did you guys start doing it because I don't think we.

Vijay Iyer: Yes, so what has happened is, this is as per new requirement by SEBI. Now, this is mandatory from next fiscal that is April 1st of 2022. but we anyways being a self-regulated entity we went ahead and started implementing it that is, after our Q4 results, so all the calls that we did in the

last month or so, we have started implementing this, where we put the audio recording and subsequently also the transcript of the call.

Katie Advena: Okay. So did I hear this after the Q2 you started doing this?

Vijay Iyer: No, so after Q4 that is Jan to March Q4 FY21 results, completed in month of May and a little late we started.

Katie Advena: Let me try and reconnect because you're really breaking up on me. I'm having trouble making, let me try redial okay, sounds good.

DG Praveen: Hello, Praveen this side. Hello Vijay are you there?.

Vijay Iyer: Sir they are just reconnecting because there was some disturbance in the line so they are just reconnecting.

Katie Advena: I think, let's see maybe it's a little bit better, right now I'm hearing it's fine. I was just using the second number there are two numbers for the U.S. So let's see, maybe I'll have a better luck. Alright, so I heard a couple of beeps, so I am just curious if anyone else joined?

Vijay Iyer: Yes, my senior colleague have joined in. You can just check if Kim has also joined.

Katie Advena: Perfect. Then let's jump in. I guess what would be useful for me at least to understand is the kind of underlying reasons for the volumes. Volumes have been a little bit on the softer side, and there's just so many, there are several reasons I guess that are affecting them. And the first quarter makes total sense, why it was weak and with margin price as high as it was, margin cost at 100%. But then I guess it declined. You guys somewhere mentioned that maybe to around 21% levels for crude so, I was just curious. What do you think are the main reasons affecting the volume especially in third and fourth quarter after coming back in the second quarter, the levels were quite good. Was it margin price, was it the new kind of, take margin regulation and any color there would be helpful.

DG Praveen: Praveen this side, and I head the Investor Relations team. Bolar is there, Bolar you are there, Mr. Bolar are you there?

Satyajeet Bolar: Yes, I have joined.

DG Praveen: Okay. So, just to take your question, as you said rightly SEBI has come out with a peak framework and as per that one, an incremental, that means each phase margin reporting will go up like from initially 25%, then 50%, 75% and 100%. It all started in the month of December, and in March this has been increased to 50%. So, earlier the members used to give the leverage to their clients, because the margins used to be taken by the members at the end of the day, otherwise, the clearing corporation use it to get as and when a trade has happened, but the members use it to give certain amount of leverage to their client. But after introduction of this

framework, progressively that constraint has come up where in the members will no more will be able to give you excessive leverage to their client. By September 1st, completely there won't be any leverage even the client is supposed to bring the necessary margin, in case of any shortfall is there automatically the members are going to be penalized for it as per whatever is the existing framework. So, ever since this has been introduced, we could see that there is a fall, which has been witnessed in terms of volume. From March we have seen significant volume downfall and also we have seen that in the month of June again we could see some impact that happened in volume.

So, even though it is on the negative side when it comes to the volume we will look at it in a different way because as a system, when you look at the systemic risk for the market per se, in the long run whatever actions or regulations have been put in place definitely it is going to be contribute to the growth and development of the market, but definitely in the short run, they can have an impact in the volumes. So, we have seen like if you take an example, in the quarter two, or quarter three of last year we have done something around 32,500 crores. But in quarter four our volumes have come down to 31,800 crores. Subsequently this year our volumes in the quarter one except May come down. May we could able to do good volumes we have done again something around 31,800. But again in June the volume wise there is a drop in the volume.

So the volumes can be attributed, so having said that what we can look at it is, if it is not supported by volatility and other factors, definitely the peak margin reporting had a short term impact on volumes, but how it will pan out over the period of time, how people will get themselves adjusted to this new framework that is what we have to see. But, in the long run definitely it is going to be a considerable regulatory measure wherein it is going to remove all kind of excessive leverage and that of systematic risk to the market will automatically get removed out of it.

In case of crude oil, from more than 100% margin we could able to bring it down to something around close to 20% to 25%. Recently, again there is some spurt happened in terms of open interest another thing that is why there is a marginal increase in the margins happened. Otherwise, largely the margins in the crude oil was kept around 21%, this all happened again from the month of December. So, except March of this year, if you look at even the December, January and February the volume from the energy product has really has picked up well. And largely we can say that reduction in the margin really has contributed and people started showing more interest in the energy products, but still we are far behind when compared to what we used to do the previous year in energy products, that is why still we could not able to recover the complete lost volumes whatever happened.

In terms of overall participation. Having said all these things, we could see a participation of 4.56 lakhs in our commodity futures in FY2021 as compared to around four lakhs, the previous year that way the participation wise, despite this COVID crisis and all other issues, we could able to see good growth that we could see in terms of participation, that is what we could see.

Katie Advena:

Okay. And just a couple of follow ups there, I guess, on the crude oil this margin of 21% is it still high, do you guys expected to normalize down and do you think, it seems like the peak margin requirement was affecting mainly the fourth quarter correct me if I'm wrong and so the third quarter I guess softness and volumes was it just mainly because of the margin that was still kind a high or for crude or it sounds like that was the main reason so we want to double check.

DG Praveen:

Yes, so these two are two different elements like I can say that crude oil per se, it is having because of other reasons like you would be knowing last year we had to settle our contract at a negative price and following that one, the stress numbers have really gone up that means the clearing corporation are supposed to calculate settlement guarantee fund, estimate required settlement guarantee fund based on a stress testing. If at all if it is not meeting that requirement generally either the exchange have to or the clearing corporation or the members have to infuse their capital into that settlement guarantee front. But in case of exchanges and the clearing corporation once you put the money into that settlement guarantee fund you will not be able to take it back. So, once it is gone into that one you won't be taking it back. So, the way we are looking at it is, if at all that settlement guarantee fund requirement only is kept low that can be possible only when you increase your margins higher. So, that is a reason in case of crude oil and others. The requirement because of settlement when it went to the negative price, the single day movement was very high it is close to some 300% movement has happened. So because of that one we had to increase the margin to more than 100%. But subsequently, even SEBI has made some enabling provisions saying that we need to follow a z score of 10. So which essentially means that you can able to eliminate some extreme moments, because there can be many events that would be happening in a commodity, it should be unnecessarily for something happened in the past which has no relevance in the present should not get penalized. So given that understanding, it is like they have given a Z score of 10. So that will be looked at and some of these extreme events can be eliminated.

So while doing that one after that, amendment in that circular then we could able to come out with the revised, that means our margins could be able to downward revise that is how we could able to bring it down. Peak margin is another thing, maybe it is more coincidence or it is like more or less happened at the same time, maybe I'm telling some time at least to crude oil now we could able to bring down the margins it's not at around more than 100% level. But per se the energy segment still attained, that means still it has not reached to that level what it used to happen, maybe a year back prior to this incident. Peak margin is affecting the overall volume, it's not particular to any particular commodity or particular segment, what we can say is, it is impacting the overall intraday trading, because brokers use it to encourage the intraday trading by giving the leverage So, when they not giving the leverage to their customers, these kind of intraday trading volumes would come down now. This is having some ramification on some other participation, from other participants. So, that is the reason the overall volumes from different sectors have come down whether it is bullion or energy or this one, but energy to some extent it is being supported by the current lower margins that is what we could able to say.

The other thing metals also have done very well, because of the bull run that whatever it happened during that period and also volatility was very high in the metal contracts, all has really have supported the volumes in the metal contracts, but bullion as COVID that kind of crisis pandemic is brought under the control, naturally the prices and other thing it has, the overall the volatility everything has come down in bullion commodity that all has led to drop in the volumes, but principally this have been driven by the peak margin reporting framework introduction

Katie Advena:

Is there anything else that could be done to stimulate group volumes to kind of maybe not even recover to the prior to the FY2020 levels but still kind of increase them and anything I guess, just conceptually aside from say the margin?

DG Praveen:

Yes. But conceptually we won't be able to do anything which are short term in nature, because all these have, see unless we can able to bring down this margins, we will not be able to promote the volumes. So, what we have done is like we have made several representations to the SEBI, to look at various angles like for example today the stress test everything is being calculated and given that particular thing what we are doing, we are imposing some additional margins apart from volatility based margins. So, we have represented already with the SEBI saying that, because these are all related to the overnight positions, settlement guarantee fund and everything is more related to the overnight positions per se. So, why should we penalize all the people having that additional margin during the day. So, let's have the additional margin only relevant to only the overnight position, so intraday we can have only volatility based margin, that is one thing we have proposed.

If they agree to that one, they are looking at it our proposal, if they agree to that one then it is like it is possible that we can able to impose only the volatility based margin during the intraday. So, that can able to largely can help the volume. Second at the risk point of view also automatically it will be only related to the overnight position there we can definitely can charge some additional margin so that risk also can get protected that way, that is one thing that we have asked for.

Secondly, there is another thing that we have taken up is overall when you are doing the stress test, rather than taking many years like 15 years history we take it, so if you can able to reduce number of years to some 10 years as in-line of equity markets. Similarly, if you can be able to bring down the Z score from 10 to maybe if we can bring it to 5 and like that thing, all these things would be helpful in bringing down the overall margins. Energy products in general we could be able to bring the overall margins. So, that way because unlike in global market in India, we have a MPOR of around two to three days more than two days. So, that way it is like, we look at that the period that we look for margins, we call it margin period of risk. So, we see that whether it is a three days or more. So, that way our margins are slightly higher as compared to the international market and particularly in case of crude oil and other things, because of stress margins and other thing additional margins are keeping this margins quite high.

So, these are the measures parallelly we have taken up. And other than that, anyway this product now that's a good growth that we could able to see in the mobile trading, it has gone up to more than around 27% that's a good progress that we were able to see. And what we could see is, overall even during this COVID period also the number of participants have not come down in fact it is going up, that means the reach has definitely have increased, and more people are looking at these products. When it comes to the number of registered clients, who could be able to trade on the exchange, that number has gone up to 60 lakhs, that really it is 6 million registered clients are there on the exchange. So those because of that integration of intermediaries and all those things that have helped with that we could able to increase this overall registered clients.

So, by having a higher number of registered clients these people always will be able to do a trade in the commodities market because you are registered at any time if you intend to trade in this particular segment, you could be able to trade that. So both the numbers traded numbers, as soon as the registered client numbers both have gone up, if we can able to translate some of these people into again their volumes, then definitely we can able to improve some volume.

Katie Advena:

Thank you, that's very helpful. And just to kind of follow up on this, kind of client registrations. There are several numbers that are given and what I've seen is that the number of unique clients both have increased, but then I saw some numbers around numbers with SEBI registrations, those seem to have declined just a little bit and authorized person declined a little bit. So, I was just curious if you could give a little more color on what those are and how we should interpret the dynamic there?

DG Praveen:

See the overall compliance cost if you look at Indian market, the overall compliance cost for the members have gone up. So, because of that one, many of the people prefer to act as an authorized person or they may have translated into a client because by being a member they are supposed to, they should be in compliance to many of these regulations where there cost is involved.

Secondly, like I said last year and the other previous year's. SEBI has come out with that one, they made integration of intermediaries possible. So, earlier, there used to be different entities one for equity and one for commodities, that kind of setup, but after this provision in the regulation, many people have opted for having single registration that means the same entity could able to trade in equity segments as well as they can offer trading to their clients to commodity segments. So there some amount because of integration, because of the way the things are progressing because of increased compliance cost and all those things people have just the overall structure membership, intermediate structure in the country has gone for a change.

Katie Advena:

Okay, that makes sense. All right, that's very helpful. And just kind of going back to this upfront take margin requirement rule from SEBI. And I was curious if, you've seen that any market participants is that kind of forcing market participants to switch to equity, for example have you seen any of market participants leave, and I think maybe I read somewhere that intraday commodity players kind of moved to equity markets, I don't know if that was just a news article

and how much I can just kind of rely on it. And if so, it was just also curious how significant this kind of portion of market participants that being intraday commodity players are for you. Just curious on any shifts among the market participants because of that rule that maybe you've seen or maybe you haven't?

DG Praveen:

See in general, this peak margin reporting has been introduced across the asset classes. So it is not specific to only commodities market. So, today it is like, there are many members which are common to both equity market as well as commodities market. So, wherever the opportunities are available, because these opportunities will be keep shifting from one market to other market, and depending upon the scenarios like volatility, and other thing people will be just going there and here. Otherwise, when you look at the overall participation like I said, we have, we could able to see the growth like 4 lakhs to 4.56 traded participation. So, that way it is like overall there has been only increase that we could see in the overall participation. But people in between could have maybe shifted for the time being, depending upon the market scenario and other things, but we cannot say that, that is the only reason that people we cannot say that they have permanently been shifted from this market to other market, because this all will be keep happening for one market to other market will be happening, depending upon the market conditions.

Katie Advena:

That makes sense. And, and you mentioned, just like you said, this rule is going to kind of work for equities as well. Can you help me understand why would they decide to switch. Would that be just driven, if they switch to equities, would that be driven by other things like you said maybe volatility or something else and not really the margin requirement from SEBI because it's just equally applies to commodities and equity markets and other reasons. It's not like because of this rule, equities became somehow more attractive for trading?

DG Praveen:

No, it's not because of particularly this margin or something, because overall when you look at even the volumes on the equity turnover, even they had impacted initially, maybe some of the volumes we could able to see that growth that is there is in the options volume, that is what happened in that segment. Overall it is like because SEBI is the single regulator in India and both whether it is equities or this one, there is no vast difference in terms of regulation, whether it is margins or any other aspects, there could be here and there some aspects but it's not very significant, that really could be able to influence the people to permanently shift from one to another, that's what I could see. And they have a very good developed options market and they also have a very large clientele base. And also we can say that institutions are already participating in the equity market. So that way, given their investor base and the type of products and also these kind of things, so they could able to withhold, that means it's able to withstand that kind of peak margin reporting, but we have to see that because a one month or a quarter or two will not really give you a correct picture. We'll have to wait and see that how the things will transform over a period of time. But again, like I said, whatever measures have been taken by the regulator, these are all taken considering long term in view that means over a longer period of time, the market itself will have a very robust system in place that way.

Katie Advena: That's very true here, it seems like this potentially could be stimulating for the markets in the longer term. And looking at the months, volumes it did seem like the volumes are recovered, in May right before, kind of the new portion of who implemented in June. So you can say well they should recover once the whole rule is implemented. So, we just need to wait and see. And, my other question was around the spot, gold exchange. Can you help us understand your comments, you guys mentioned that MCX could benefit even someone else wins that mandate and obviously we don't know who it will be. Several parties will be trying to get it but just kind of curious, if you could help us understand assuming this scenario that someone else gets it, how do you guys hope to benefit from it?

DG Praveen: So, currently there are actually two different, they are talking about two different spot markets, one is in the international market, other is on the domestic side. So the one you're referring is like where the exchanges and the depositories have formed a consortium to come out of the exchanges, it's all happening in the IFSC that means it is in gift city. And at gift city, exchanges have come together and also the depositories. Five entities have come together, we all have entered into an agreement MoU were in we all will act in a consortium so that we can, because there the regulator or the market people felt that it is the competition that you have to face is the overseas exchanges there. So it is like, all the exchanges should come together and they should form rather than compete against each other, that was the primary objective there. And so, there is no question that somebody can able to form that exchange and we not, because it is an already an MoU has been signed. So, all the five will be the consortium members in that particular, that means all will become shareholders of that particular exchange once it is being formed and approved by all the respective boards.

Coming on the domestic side. Only a description paper has been floated in this case, where SEBI asked for feedback from market participant and other stakeholders like whether it should be conducted in the same segment or it should be on a different segment or it should be like a separate exchange how to be formed for the commodity exchange. So, they have floated and we were also during the initial discussions, we were also were part of it and we are also given our feedback how the market in the domestic side can be able to develop but that is only for bullion product we are looking at on the domestic side. Maybe, I'm telling they are open to the, regulator is open to that all types of establishment but they wanted to see that what kind of setup could really could be able to help to create a market. But there we wanted to be mostly we are looking to be going to be individual if at all they say that it is like exchanges can have, they can have trading in the existing segment or can have in a different segment in that particular cases it is like definitely we are already market leaders in this segment with more than 95% market share definitely, so we will see that how we can able to capitalize on that particular new instrument.

Katie Advena: So just correct me if I'm wrong. So it sounds like if we were just talking about that, the domestic side. This separate exchange if it happens, you guys have an obviously a good shot at getting it but if someone else gets it, would it be distractive?

DG Praveen: If it is a separate exchange it will be open to all whoever wanted to set up the session they can able to do it. It's not like the regulator will be giving permission to only one exchange. It will be given to all that means whoever apply to that, that there shouldn't be any problems. So, if you're prepared for it, definitely you can apply to that one and but there are many challenges if at all, if it is going to be a separate exchange, because the product we cannot have a separate exchange only for a single product like gold spot only for gold spot exchange and other thing. So, they may consider different segment or within the same segment. So, we have to see the how the regulations will shape up.

Katie Advena: Do we have any timeline for that, what are you guys kind of watching, what are some of the next steps?

DG Praveen: See, this came up in the budget discussion. So, that means in the union budget after that when the regulators have taken up, and we have to say that certain changes are also required some regulatory changes that the regulations and other thing all these things should happen, because currently, there is no regulator for gold vaults and other things. So, it is planned that the SEBI itself can act as a regulator for the gold vaults. So, these are all for all these things, there is certain amount of amendments are required in the regulation. So, post that one that all would take because there are changes of regulations are required in these things, it would take some time, we cannot pinpoint give a particular date to it. But we could see that because now they have floated the discussion subsequent to that and feedback and other thing they may put the necessary proposals to the government for the amendments. So, all will take some time, you can expect at least it would take more than six months.

Katie Advena: Okay. Great, I do think it's a logical and can we revisit your strategy to increase the participation of corporates who kind of engage in hedging overseas right now, maybe some of the larger ones. Just kind of trying to understand what would need to happen in the Indian market to attract them. I guess some of them are already using MCX, but only selectively. So it seems like maybe your role chair is smaller with them, but they do it. They just choose to do it overseas. So, I'm curious if you guys think you can increase it, and what would be some of the levels you could use to increase it, and really what are the reasons for them to be using overseas it seems like maybe the cost there a little lower overseas and maybe there's part of inertia for them to just continue using their overseas brokers for it. And just kind of curious on your strategy overall to maybe engage them more?

DG Praveen: Okay. So, in case of gold, in the year 2018 RBI made certain changes to the regulation wherein the Indian domestic industry, that gold industry cannot go and hedge in overseas market, they removed the gold from that permitted commodities. So, with that one all the commodity and all the corporates had to come to the domestic exchanges only and to go for the hedging requirements. So, that's happened in case of gold, in case of metals and other things what we have been doing is, like in case of gold we also started the process of empaneling the domestic producers in this market. So, to start with we have already taken up the lead, in the lead already we have received some applications from the producers and we are, because there are certain

processes like wherein it will go for technical audit and other audits. So, based on that one, we will empanel some local producers. So, post that apart from LME branded metal even domestically produced metal of that particular empaneled brand producer can be allowed to be delivered on the exchange. So, by doing that one we are trying to get ourselves more integrated with the value chain.

Second thing what we have been doing is, we are increasing our delivery center to all the important centers. That means we are not interested to have a delivery center on each and every nook and corner of the country but, we are interested in at least four, five important location catering to South, North, East, West and center. So, that way we can able to cater to all the people across the India and we can make this market a pan Indian market rather than a regional market. So, even in case take the case of aluminium, recently we have added one delivery center into this one, like Raipur which is the center of India. After that one we could see that very good deliveries are happening in this metal. Similarly, we wanted to have more delivery centers in case of nickel and other things. So, we already have taken up the things with their respective product advisory committees, we have taken their feedback on this one, accordingly we will be seeing that how we can able to go on increasing the additional delivery centers.

So, by doing this one, one we are making ourselves more integrated to the physical market and those physical market participants also can start using our market as a market for delivery in case of all that, that means in case of they could not able to offload this metal anywhere at least they could look at this market for delivery of their goods to meet their targets and other things. So, that way it is like we are trying to get our self more closer to the physical mark. Parallely, there are many regulatory enablement have happened like SEBI has amended their list of regulations they call it as LODR regulations wherein all the corporates are supposed to make some specific disclosures related to the commodity price risk management. So, that way it is like, we are sensitizing this one to the corporate and other people the investors in this market about what kind of risk that are associated in commodities market. So, by they are becoming more conscious to the commodity price moments and other things. So, they will also will start looking at the hedging in domestic market.

Take the case of LME market their market is altogether different market because the size of the contract itself is 25 metric tonne, aluminium contract is 25 metric tonne, copper is 25 metric tonne. Our markets have a different products and it is catering to different set of market participants. Our contract in case of aluminium is 5 metric tonne and in case of copper it is 2.5 metric tonne. So, that way it is like our contracts are catering to different set of market participants. Not every producer in India is looking for a overseas market because given that size and other thing for many people the Indian market is more convenient only thing is, we have to make the delivery locations closer to them so that they can able to participate in this delivery. And progressively they also start hitting on the exchange that is how we are looking at it.

Katie Advena:

Thank you. That's very helpful and for me just a couple more questions. Anything you can share on ADTV outlook for the rest of the year. And specifically we know that the kind of final portion

of the margin rule is coming on September 1st. Is there anything else, any other factors that could kind of influence, that are on the radar that could influence these volumes and just overall if you could share your outlook for kind of more of a medium term say three, five years out, how do you guys think about it on the volumes?

DG Praveen:

So, as you can understand so we won't be able to comment anything on the outlook because our regulations won't permit us to talk on that particular aspect. But in general the factors like the volatility global, how the prices are moving for commodities in the global because these are cyclic in nature. Second, we also have to see that how other asset classes are also functioning because some investors also do look at other asset classes as well. So, we can say mainly the volatility is the main factor, but apart from volatility, you can also look at factors like the commodity cycles, how it is happening and how the going to progress over the next maybe six or one year time. Depending upon all these factors your volumes will be determined, but your final phase will get implemented in the month of September. So we have to see that, that is also is one thing, because already 75% has been already been implemented. So we have to see that once the 100%, total 100% has been implemented in case of peak margin reporting, we are to see that what could be the impact. That is one thing we have to factor in.

Katie Advena:

And, one last one for me, on the margins kind of margins last year, were pretty strong with some cost savings that you mentioned that, you kind of expect them to stay and maybe for example not do like print advertising and other things. But also, just kind of curious how should we think about the margins in the medium term. Directionally seems like they should be going up, especially with the new trading system, that you guys are going to switch to in 2022, 2023. But is there anything else, how should we think about the profitability levels, given that they were pretty strong last year. How should we think about the future three, five years out, five, seven years out, it seems like those should increase further, but correct me if I'm wrong, just kind of directionally I understand you can't give any specific guidance like that, but directionally any color would be helpful.

DG Praveen:

Mr. Bolar, you can throw some light on the technology.

Satyajeet Bolar:

Ma'am here. Technology, ma'am probably you have gone through our transcripts and you are aware that we're moving to a new trading platform from July 22. And the present agreement with our present service provider it comes to an end in September 22. And we intend to move to the new platform from July 22. And so we'll be incurring a fixed costs which will amortize over a period of time. And then there would be a recurring annual maintenance cost. Presently, we pay cost which is linked to our transaction charges. So it comes to broadly around 14% to 15% of our transaction charges of what we pay to our service providers. So, we will be moving from that model, to a model where we'll be just paying the AMC to TCS, so obviously we'll be able to save substantially on that. And on the expense front, ma'am I don't expect us to incur, expenses would be kept under control largely. So, I don't foresee any additional substantial expenses coming up. So, from the expense perspective it will be kept under control to a large extent ma'am going forward.

- Katie Advena:** Okay, that's very helpful. So it sounds like maybe the cost savings we've seen, it sounds like maybe most of them should really stick around.
- Satyajeet Bolar:** I beg your pardon ma'am.
- Katie Advena:** I said that, it sounds like maybe most of the cost savings that we've seen in the last financial year, it seems like maybe most of them should stick around, should continue?
- Satyajeet Bolar:** Yes, it should continue because probably all this, thanks to COVID because of COVID so many expenses, travel, hospitality as well as point-to-point contacts, the seminar and marketing expenses has reduced. Even on our advertisement pay more to digital, we have reduced our print advertisement in the print segment, and we're more into electronic and digital. So yes, we have also changed and we have adapted to the new world, post COVID. And we think that is how it's going to be, I don't think even if India gets fully vaccinated by December or January 2022, I don't think we will go back to our earlier model of meeting regularly, traveling regularly, we would think twice before we do that. So those experiences will automatically reduce ma'am.
- Katie Advena:** That's interesting to see. All right, these are all the questions that I had. I don't know if you have anything that you wanted to ask?
- Analyst:** No, thank you guys very much. One last thing was, I didn't fully understand the tax impact on the recent results. I tried to read your filings and transcripts, but I didn't fully understand can you maybe explain to us what the tax impact was in the bottom line, the recent results?
- DG Praveen:** I can hear you, Mr. Bolar are you still there?
- Vijay Iyer:** I think Bolar sir line has got disconnected.
- DG Praveen:** Yes, so that's the thing, because it is better if CFO speaks on that particular topic. We will wait for a minute and if he can able to join or you can separately, if you can drop that particular query, he will be able to provide you some response on that particular query.
- Katie Advena:** I am not sure who is still on the line, and still here, I don't know if you're still here.
- Vijay Iyer:** So, what I suggest is, as Praveen sir was saying I believe Mr. Bolar line has got disconnected. So he being the CFO, this part just sent me a questionnaire on the tax that Kim was referring to, I will get it addressed by Mr. Bolar, if that's fine.
- Analyst:** Okay.
- Vijay Iyer:** Okay. Really appreciate thanks a lot.
- DG Praveen:** Thank you.

Analyst: Thank you very much, have a good night.

Vijay Iyer: Thanks, bye.