

MCX/SEC/1712

July 30, 2019

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

Ref: Scrip code: 534091 Scrip ID: MCX

Subject: Transcript of the conference call with investor/analysts on Q1 FY2020 results


Dear Sir,

Please find enclosed herewith transcript of the conference call with investors/analysts held on July 17, 2019 at 5.00 p.m. IST, on Q1 FY2020 results.

Kindly take the same on record and acknowledge receipt.

Thanking you,

Yours faithfully,
For Multi Commodity Exchange of India Limited


Ajay Puri
Company Secretary



“Multi Commodities Exchange of India Limited Q1 FY20 Earnings Conference Call”

July 17, 2019



MANAGEMENT: **MR. P.S. REDDY - MANAGING DIRECTOR AND CHIEF
EXECUTIVE OFFICER**
 MR. SANJAY WADHWA - CHIEF FINANCIAL OFFICER

Moderator: Ladies and gentlemen, good day and welcome to the Multi Commodities Exchange of India Limited, Q1 FY20 Earnings Conference Call. We have with us today on the call Mr. P.S. Reddy - Managing Director and Chief Executive Officer, Mr. Sanjay Wadhwa - Chief Financial Officer. This conference call may contain forward-looking statements about the company which are based on the beliefs, opinions and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone telephone. Please note that this conference is being recorded. I now hand over the conference over to Mr. P.S. Reddy. Thank you and over to you, sir.

P.S. Reddy: Thank you, madam. Good evening, everybody. I am P.S. Reddy, along with Mr. Sanjay Wadhwa. I took over about two months ago. You already got the results, but then I will just brief you major business developments that have taken place in the last quarter. As you know that our ADT has been continuously increasing about the last six quarters, and currently it is about Rs. 27,473 crores, displaying a growth of 12.8% over the corresponding period in the last year.

That apart, the tax on the gold, import duty, has led to a sudden spurt in our volumes also, volatility has gone up. So as a result, in fact, on the 5th July our volume had touched a three year high of Rs. 43,100 crores. That's a good development. And we are expected to do better than what we have been doing it as we go along.

The other important this one is the OI has been increasing in gold; it has touched a high of about 25.6 million tonnes, that's a very good to development. Also, some of the major players, thanks to RBI circular on ban on hedging overseas in gold that has helped us to get a little more revenue than what it have been happening elsewhere on other times.

When it comes to cotton, that's also doing very well. We have an OI of around 5.5 lakh plus bales during the quarter, that's also a very good development. There are stocks of about 2.3 lakh bales that are already there, that is also for anybody to observe on our website. That's another good contract which we are doing it. Of course, needless to add that crude is doing really well, that's the king among all those products.

And the SEBI mandate on the cash settlement versus physical delivery for many of the base metals, we have already converted almost all the contracts. And SEBI also desired that there should be only one single contract going forward, be that mini or main contract, whichever is deliverable that we can keep it. So we are going to phase out some of the contracts, because for each of the base metals we have two contracts, and we have already dropped issuing new circular for the copper and the nickel. And other three contracts are running currently. Before December we will be discontinuing other contracts also. So we will have only one contract.

Base metals also doing well, but then as a result of this some of the -- there is a drop in the ADT base metals. We are trying to see who are the clients who were earlier trading but then gone away because of this delivery business, and see what we can do in all these cases, what kind of remedial measures we can take we are examining. Hope we will be able to restore our volumes by marketing more and more to be physical market hedges.

Having said that, even our options trading is also doing well. And that almost all about Rs. 638 crores ADT in the current quarter, the first quarter. And still doing well. And we have not introduced any tariff, because that doesn't yield much revenue, maybe that will be a pain point or a sore point for the traders, so we thought we its too early to expect any returns on these option contracts.

Then the competitive analysis, MCX continues to be having a market share of 91%, 92%. And we will maintain our lead, no doubt about it. But we will not be resting on our laurels and we will definitely look at a bigger market size. And we were looking for more and more integration of these physical markets and bring those trades onto our platform. So that will really, really help the industry as well as the exchange and transparency in the market also will increase.

We are also looking at launching new products, although I can't really disclose, because what SEBI is going to give us the approvals we can't say. But yes, more and more contracts will be there in this financial year that's our endeavor and we will not only launch, but we will... We would also like to throw our entire weight behind all these new contracts that we are going to come out. Of course, existing contracts we are trying to do our best and we will give our best to make them all successful.

Apart from it, yes, the budget also has provided a slight relief for the companies which are having a turnover of less than Rs. 400 crores. And definitely that is not our desire to remain below Rs. 400 crores, we would like to see better days ahead. But at this point in time that will definitely some relief. So Mr. Sanjay will explain about the financials. Thank you so much. I will hand over to my colleague, Mr. Sanjay.

Sanjay Wadhwa:

Good evening, everybody. So in terms of the daily turnover, we saw an increase of 12.78% as compared to the quarter in the last financial year. However, there was a slight dip in the realization, which is why you are seeing a 9% increase in the operating revenue. As far as the other income is concerned, the yields continued to drop this quarter, which is why we saw some very good mark-to-market gains, giving us very good treasury returns. Correspondingly, in the quarter one of the last financial year we had a reverse happening wherein the yields were going up, which is why you are seeing a very low treasury yield in the corresponding quarter last financial year.

With regard to other expenses, as you would have seen, we are maintaining a very good control on the other expenses. There aren't any major variations, which I really need to talk about, except for the fact that the product license fee on payments to CME has gone up substantially, because in the previous or rather quarter one of the last financial year, we were paying much lower. And that has increased to 10% from the last quarter onwards. So that has been one exceptional increase. But otherwise, there hasn't been any significant change in the expenditure.

With regard to the taxation, last year we had a lot of one-off, which is why it is not really comparable to the last year numbers. So if you recall, we had a one-time tax gain on the SGF contribution that we made at the time of transfer of the clearing and settlement functions to MCX CCL. That

obviously was a one-off thing, which is why this year we will see a regular tax. But having said that, because of the relief which came out of the budget, our effective tax rate should go down by around 2%. And overall our tax will remain in that range of 20% to 22%.

So that's it from my side. I think we are open to questions.

Moderator: Thank you very much, sir. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Shri Kishore from Cholamandalam PMS. Please go ahead.

Shri Kishore: Hi. Thanks a lot for taking my question. Sir, I just want to understand if you look at it, let's say from Q4 2017, the yields have actually dropped to Rs. 2.29 to let's say Rs. 2.15 till Q1 20, but the volumes have actually gone up. I mean, is this a trend that we will have to look at going forward as well, as and as the volume go up the yields will start coming down?

Sanjay Wadhwa: Yes. So I mean, if you know we have a slab structure, so when a member crosses 350 crores of average daily turnover, he comes into a lower bracket. Now, with the volumes increasing beyond a certain point there is obviously some concentration which happens with the larger players, which results in a slight drop in the yields. But if you compare it with increase in volume, and the drop is quite negligible. So that doesn't really worry us, as long as our volumes are increasing that's good enough.

Shri Kishore: Okay. So where can this stabilize, if you can just give us a number?

Sanjay Wadhwa: It all depends on the level of volumes. With the current level of volume, the realization that we have of 2.15 that's there. But then if the volumes go further up from here, say it crosses 30,000, it might drop down by a maybe Rs. 2.14 or Rs. 2.13. But as I said, a 10% increase in volume if it results in a drop in yield by 1%, 1.5%, still we are okay.

Shri Kishore: Okay. One other thing, just going to your standalone income statement, right. I mean, there is there is one line item called as the clearing and settlement expense, which was not there in the previous year same time. So could you just give us an idea?

Sanjay Wadhwa: Sure. On 1st of September of last year we hived off our clearing and settlement function to a separate entity, which is MCX Clearing

Corporation. It's an internal charge that we pay to our own clearing corporation. So on a consolidated basis, absolutely no impact, it gets eliminated, but when you look at standalone figures, it will reflect for one more quarter. And after that it will start.

Shri Kishore: Okay. Can you give us a breakup of the ADT for all the components, because that slide used to be a part of your presentation earlier, but this time around it wasn't there, so...

Sanjay Wadhwa: So, precious metal, we have had... I am just giving you the rounded off to the nearest hundreds. Precious metals we were 7,400, energy 12,000, base metal 7,500 and agriculture 471, so you can say 500.

Moderator: Thank you. The next question is from the line of Nikhil Upadhyay from Securities Investment Management. Please go ahead.

Nikhil Upadhyay: I just had two questions. First is on the Clearing and Settlement Cooperation, can you just provide some color how we are looking at scaling up operations which you will see? Because right now what we are seeing is the purely other income.

Sanjay Wadhwa: Sorry, I didn't get your question properly, if you can please repeat.

Nikhil Upadhyay: So my question is on the Clearing and Settlement Corporation, right now what are we seeing the difference between share consol and standalone, its purely the other income which we have in the entity. So how should we understand the operation path there, I mean, when should we understand this starts seeing operational income as well?

P.S. Reddy: See, its currently handling the operations of only MCX. So there is some revenue sharing at an arm's length distance that has been valued by an external firm, and that's what we are paying them. And that's it, there's no interoperability at this point in time, not that we can compete with anyone. So that's the only thing. It's a requirement of SEBI that's why we have to give it off.

Nikhil Upadhyay: Okay, understood. And on the distributor on-boarding, I think last call you mentioned and ICICI was probably the only one we are kind of still in the process of activation. So, is that through? And any other color you can provide under the PMS and mutual funds if we have added any?

P.S. Reddy: Well, let me tell you with regard to mutual funds and PMS and AIFs and other things. The custodian has become a major requirement for them to operate in this market. And the custodians are not able to take the risk that is there in this market; especially they are supposed to be taking the risk of quality and quantity of the stock that is kept in the warehouse on behalf of the mutual funds. So which they are saying no, I am not willing to take that risk. So that piece is missing, at this point in time without that piece being there we can't actually activate any of those pieces. Coming back to the bank broking arms, they are in the process of integrating this particular segment with their online trading systems. So that is why it is taking some time. And once that happens they will launch on a full scale. Most of the, have done soft lunch, so not many clients know that that such a product exists. So once they are confident they will be doing on a large scale the launch of it.

Moderator: Thank you. The next question is from the line of Kunal Thanvi from Banyan Tree Advisors. Please go ahead.

Kunal Thanvi: Sir, you just mentioned about banks broking arms, they are trying the online platform and stuff. But specifically, on ICICI Securities, can you throw some light whether...

P.S. Reddy: They have not started as yet, they are still the process.

Kunal Thanvi: Okay, sure. And my second question was on index futures, can you throw some light on when we can expect its launch? And what kind of pricing structure we plan to go with? And if we see the global markets, volumes in index futures are not reading great, so how do we look at that?

P.S. Reddy: I understand. We have currently three indices, one is the composite and the other one is the bullion and the metals, these are the three investors we have. These are being compiled and then maintained by Thomson Reuters. And it's a joint effort that we are doing it. So, we are also developing the system which is required to disseminate this information, rather disseminate indices on real-time basis, etc, etc. and tick-by-tick, that's what it is called. Parallely we are doing that, we are expecting the activity to be completed by September end. So probably thereafter only we will be able to apply to SEBI and then launch. We can't give any exact date when

we will be able to launch, but we will definitely be able to launch within this this financial year, if we get the approval from SEBI.

Kunal Thanvi: Sure. And any light on the pricing structure or anything?

P.S. Reddy: As I said, we take a call on always this pricing only post launch and success of it, it's too early to start with a with a pricing and then say the people that we are going to charge you so much. We will see the response, we will see, understand what the market can absorb and look at, accordingly we will do that.

Moderator: Thank you. The next question is from the line of Rohit Balakrishnan from Riddhi Capital. Please go ahead.

Rohit Balakrishnan: Sir, on the base metals contract you said that there is going forward only one contract, so you were going to reduce that. So, do you see any impact on volumes because of this?

P.S. Reddy: See, what we are at this point in time able to see is the effect of cash settled versus delivery, okay. So we understand whatever the volume that has come down, almost about 30% is more because of this. Now, going forward, I don't think we will have the kind of problem, because most of these contracts what we are going to retain is mini contract. So the contract size being smaller, the participation will continue to be good. So I don't think anybody will be driven out of this market.

Rohit Balakrishnan: Okay. The second question was on this custodian's piece that is stopping the AIFs and the PMSs and the mutual funds. So, this has been going on for a while, so what is the solution to this, I mean, what are the things that we could do to sort of accelerate this?

P.S. Reddy: Well, each of the stakeholders in terms of growth like AIFs as a group and then PMS, as well as mutual fund industry, and the exchange itself has been trying, engaging with the regulator to find out a an alternate to route to address this issue. There is a risk, no doubt about it, that risk is currently market participants are expecting that to be taken by the WDRA panel, WSPs. So going forward also that's going to happen. And I don't see there's so much risk as much as they fear. But SEBI has to find out a solution for this.

Rohit Balakrishnan: And I mean, your estimate or assessment where are we in terms of like finding a solution for this?

P.S. Reddy: Representations have gone, engagement is happening in terms of asking them what they can do, what they cannot do. And it has been collated, all views have been compiled and then submitted to SEBI. Let's see

Rohit Balakrishnan: Okay. And sir you started with bullion, I mean, bullion has done very well for us and it has come off from the bottom that we had after demonetization. So I mean this band on overseas hedging was there earlier as well, but the volumes were not growing?

P.S. Reddy: The circular came sometime in last year around July. So thanks to this circular, in fact, some of the major players, very major players want to take a membership of themselves as stock brokers and then do the proprietary trading themselves. They want to integrate it. That's a good trend.

Rohit Balakrishnan: Actually, when meant earlier what I meant was, it was like there last year as well, but the volume pickup was not happening as much as what you have seen right now.

P.S. Reddy: I know, the volatility was missing, now volatility also has come, so together it is making it interesting.

Rohit Balakrishnan: Okay. And would you want to say what all products are you looking to launch?

P.S. Reddy: I don't want to share because it is sensitive information, I don't want to share anything. But then only once we received the approval from SEBI, we will definitely notify the market immediately.

Moderator: Thank you. The next question is from the line of Prusik Investment Management. Please go ahead.

Tianyuan Sun: Could you talk a bit more about your decision to convert all base metal contracts to these compulsory deliverable contracts? And also, you mentioned that they will be following on from the previous question, there will be a few contracts which will be discontinued. And just if you can just clarify what you said just for my understanding. Thank you.

- P.S. Reddy:** Yes. See, SEBI directed that if it is cash settled, then towards the expiry of the contract it will not be converging with the spot price. So if the threat of delivery is there, the prices will be converged, that's what the main reason for making all contracts delivery based. So this is one part of it. So second thing is, why do you want to have multiple contracts, let's have one contract for one metal. The reason being that the liquidity is getting fragmented, if you have one contract liquidity will be better and that will definitely reduce the impact costs. So with this thought process SEBI advised us to follow this. And as a compliant institution we are doing that.
- Tianyuan Sun:** Okay. Thank you. And just second question, if that's okay. At what point do you expect to see the option stand up to, I think you mentioned before, 20% of total revenues?
- P.S. Reddy:** Please repeat your question, madam.
- Tianyuan Sun:** So you mentioned previously that at some point in the future you would expect options to contribute an even higher proportion than they do now towards total revenues. So when do you think this will occur in the next few years?
- P.S. Reddy:** We are very hopeful that all our products whichever is launched will do great. But sometimes they don't happen and we are making all efforts to make them work. And which is taking some time, probably maybe with more efforts that we are looking at or more plans to integrate the physical market with the exchange platform, probably options will also work better than what it has been hitherto. That's what I would view it as. But I can't give you any timeline for whether it will contribute 20%, 30%, no I don't want to get into that.
- Moderator:** Thank you. The next question is a follow up from the line of Kunal Thanvi from Banyan Tree Advisors. Please go ahead.
- Kunal Thanvi:** Sorry sir, I am just asking you the same question again on base metals. So when we say compulsory deliverable contracts, so does it mean that we don't have option to settle it on the cash basis?
- P.S. Reddy:** Absolutely, no option. Whatever contracts remain open at the end of the last trading day will be forced to be delivered, settled by delivery.

- Kunal Thanvi:** So if it is open on the last day then it would be the deliverable contract. But if I want to just trade then I can still settle it in cash, right?
- P.S. Reddy:** Yes, you can square it up and carry forward, all that is there, that's fine.
- Kunal Thanvi:** Okay, it is just for the contracts that are open on the last day have to be compulsively delivered?
- P.S. Reddy:** Sure.
- Moderator:** Thank you. The next question is from the line of Yashodhan Khare from Vimal and Sons. Please go ahead
- Yashodhan Khare:** Sir, I have two questions. Sir, why don't we get officially listed on the National Stock Exchange? As on date the ticker MCX is traded as a permitted security, that means MCX cannot be included any of the benchmarking indices, as a result the demand for the name is affected and in the end the price which MCX could is a function of the demand for the name and the supply is measured against the demand. Of course, the result do matter, but we have almost a monopoly on this business in India. So, we should be officially listed on the premier exchange, which we are not. If compliance is such a big issue why don't we get a permitted status on the BSE and official status on NSE?
- P.S. Reddy:** Well, you've given me a thought for mulling over it in the next quarter. So definitely, I will come back, probably. I will look into it. First time I am hearing this. Liquidity is provided on either of the stock exchanges, so that is good enough, that's the way I looked at it. But you wanted it to be added in indices unless if they...
- Yashodhan Khare:** Yes, you are 96% share of the commodity business in India. And we are not listed officially and we don't form part of the NIFTY500 of the NIFTY50 of any of the indices of the National Stock Exchange. None of the indices including MCX as a security. The only reason is that they are a permitted entity and not a listed entity.
- P.S. Reddy:** We will look into it.
- Yashodhan Khare:** So second questions is that, we are distributing 90%, I think Mr. Paranjape said last time, more than 90% of our free cash and dividend. So why don't

we go for open market stock buyback, because looking at the future of MCX with options trading coming in and so many new participants and the market expanding and the government also helping become popular, is not more worth execution you are giving shareholders the return by reducing the sharecount in the open market so that share in the last one year is trading around Rs. 650, it maybe a opportunity to buyback stuff far below intrinsic value. Is that not more a tax efficient way of getting more to the shareholders?

P.S. Reddy: I see your point. But it has to be taken up at the board level, we will discuss it and then we will come back probably, that's the only way. And that too maybe in the last quarter when it is finally decided.

Yashodhan Khare: I am referring open market, not tender offer and all that, that's a nonsense, tender offer is of no use. Open market I am talking about.

P.S. Reddy: I understand your point.

Moderator: Thank you. The next question is from the line of Rahil Jasani from ICICI Securities. Please go ahead

Rahil Jasani: Sir, I was looking at the base metal volume, and in the last three months I think all the base metal key volumes have reduced by around 30% to 50%, including aluminum, lead, nickel and zinc. I was just wondering what could be the reason for this? You mentioned that it's primarily due to conversion to the physical delivery from past settled contracts?

P.S. Reddy: That's right.

Rahil Jasani: Do you think volatility would also play a factor or you expect this to bounce back as soon as market gets used to that physical delivery contracts?

P.S. Reddy: Well, other things being equal, that's what Ceteris Paribus conditions we talk about in economics, definitely the cash settled verses delivery settled make the difference. Volatility, yes, the more volatility the more volume will come, that's anyway. And, in fact, people are asking when is ICICI Securities going to start their trading, that's one of the interesting questions. I think you can answer that.

Rahil Jasani: Right. So you expect, I mean, how long do you expect the market to get used to the physical delivery contract and the volumes to bounce back to earlier levels which we saw three to four months back?

P.S. Reddy: Well, I can't give you a timeline, but currently we are doing well on the volumes also. And we are increasing the delivery centers. And, if you look at the delivery details and aluminum in March, it's almost about 3000 tonnes, both mini and main put together. And in the case of nickel, about 85 tonnes; and zinc we have about 1300 tonnes is the total. So delivery has taken place. So we are doing well. It's only a transition phase that is the way I look at it. And it is our responsibility as a management to bring the lost turnover back into the company. And I am sure we will be able to do whatever it takes to bring that back.

Moderator: Thank you. The next question is from the line Milind Muchhala from Julius Baer. Please go ahead.

Milind Muchhala: A couple of questions. So sir, in terms of options or volume, where are we at this juncture, the ADTV?

P.S. Reddy: Its about Rs. 638 crores.

Milind Muchhala: And sir do we plan to charge on options anytime during this fiscal, because earlier we had mentioned that we are looking at some meaningful scale over there before we start charging.

P.S. Reddy: I think that holds good even today.

Milind Muchhala: So I believe earlier we had spoken about some Rs. 10,000 crores ADTV, something like that. Is that figure right?

P.S. Reddy: I really don't know what was spoken earlier, because I just joined two months ago. But I can tell you that definitely 638 is not a number on which we can make money. So I want this product to be built and developed in a big way. And that's what I am looking for.

Milind Muchhala: And Sir earlier the thought was also that typically with options moving up, you will see some commensurate improvement in the futures volume as well. So no doubt till now the volumes are pretty low, but are we seeing that trend kind of emerging in any manner?

P.S. Reddy: As I said, it is too small a number to really come out with that kind of correlation or kind of cause and effect relationship, if there is any. So, I am not able to bring on that.

Milind Muchhala: And these options that are there, so is it restricted to any particular segment in terms of is it more inclined towards energy or bullion or anything?

P.S. Reddy: See, there are total five products only we are allowed to have. That's what the SEBI rule says. So currently we have gold, crude, copper, silver and zinc. And as usual, of course, the gold and crude, they are the top line, and rest are little trading.

Milind Muchhala: And sir there was supposed to be some increase in the software development cost on account of the contract with 63 moons. So what kind of increase could there be? And when could that kind of hit us?

P.S. Reddy: Well, there is nothing which is going to go up just because the time passes by. But if the volume increases, because it's a revenue sharing, so the more and more ADT comes the more and more it will go. But it is connected to the volume, not otherwise.

Moderator: Thank you. The next question is from the line of Amit Chandra from HDFC Securities. Please go ahead.

Amit Chandra: Sir, I just want to understand the timelines for the launch of the gold and natural gas spot exchange that you mentioned in the presentation also. And what is the capital requirement for starting the exchanges, and how are you going to charge for that and what the opportunity at this is?

P.S. Reddy: Well, I think it is some more quarters away, because as of now there is no notification that has come from the government. Only when the notification comes the business rules are put in place and some clarity will come, weather it will be under the same regulator or under different regulators, if it is different regulators the cost will be different and the cost of setting up an organization etc. If it is the same regulator, especially for gold, then it will be fine, cost will be less. Obviously, NG will be totally in a different platform. So it is too early for me to offer any comments on that. But that is one aspiration that we have to be in the business.

Amit Chandra: Okay. So as of now what are the hurdles in the form of regulatory hurdles that is not there, and by when we can see that?

P.S. Reddy: Well, I can't make any comments about the regulatory framework, when it will be in place, etc., etc. And for NG it is a Petroleum Ministry or the PNGRB. And for gold, obviously, the Ministry of Finance, which has to finalize these things. But I cannot offer any timelines for it, obviously, I can't be choosing when it will be decided.

Amit Chandra: And sir in terms of investments if you have any...

P.S. Reddy: As I said, investments will depend on the regulatory framework. And once the regulatory framework is made, and then we will know. Let us say NG platform comes and says that any player who has networth of Rs. 100 crore will only be permitted. So that will be an entry barrier, at the same time is an opportunity for big players. So we don't know what kind of regulatory framework will come through. We will see.

Amit Chandra: And sir my next question would be on the active UCC that you have reported. So, you have mentioned that now the retail participation would be around banks are going on, and we are seeing very good progress on that. But in terms of UCC, we are not seeing any significant jump there. So, how do we see that retail opportunity from the bank brokers is actually turning up, how to crack it, and what steps we are taking from our front to accelerate that? Because it was mentioned that if a big opportunity coming up we can see 5% to 10% additional growth from here. So I was just trying to understand this.

P.S. Reddy: It's a good a good question, I appreciate. If you look at the conversion of contracts from cash settle to delivery based, that has saved up almost 30% of our ADT. And in the smaller contracts the more UCCs are there than in the bigger contracts in terms of size of the contract. Now, going forward we have to also take a conscious call whether we want to retain a bigger contract or a smaller contract. And the second dilemma that we have is the delivery lot and the trading lot also should be uniform that is the second compliance requirement. And the third compliance requirement is, you should be only having one contract. So all these things we need to take into consideration and see optimally which contract to be retained. So, this is where we are moving forward. And whatever the simple jump in very, what

should I say, small jump you have seen in the quarter to quarter maybe is only because of this kind of thing, because it's in a transition phase.

Sanjay Wadhwa: So Amit, if you look at the actual active UCC, so for a corresponding period from 1st April till date if I compare it, there is a 21% rise. So the number of customers who were trading last year, as compared to that this year we have already seen a 21% jump till date.

P.S. Reddy: But from the previous quarter maybe it is a small rise, that's maybe the way that you maybe looking at it.

Amit Chandra: Is it fair to track this number to actually get a sense of the retail participation, how it is panning out?

P.S. Reddy: Come again.

Amit Chandra: Is it right to track this number in terms of if you want to judge how the retail participation is actually panning out, have you tried to track this number?

P.S. Reddy: I understand, but DEMAT account does not give us any revenue, its like that. Every participant number may not also give us any this one. But yes, there will be some kind of extrapolation you can make the growth in these numbers. Keep tracking, but we will also keep doing our best to increase these numbers.

Moderator: Thank you. The next question is a follow up from the line of Kunal Thanvi from Banyan Tree Advisors. Please go ahead.

Kunal Thanvi: So in the last call we had mentioned that from going ahead we will be giving a split between hedgers and speculators on the exchange. Can we have a broad idea about the same?

P.S. Reddy: See, SEBI mandate requires this kind of split. In fact, this information has to come from the brokers, and brokers in turn collect it from the base clients. So SEBI has come out with a circular and that is from 1st October onwards it is mandatory. So thereafter, maybe from the December quarter onwards, we will be able to give that kind of breakup

- Kunal Thanvi:** Sure. So, the reason I was asking this question was, we earlier mentioned that base metal we have seen volume drop off 30% to 40% because of the compulsively deliverable contracts. So, can you help us with the open interest number over the same period, how it panned out? Because I wanted to understand that the volume drop that we have seen, is it from the speculators or the hedgers? Because then it gives you a sense whether there would be a pickup the volumes again or not.
- P.S. Reddy:** Okay. We don't have immediately this open numbers for those periods immediately, but we do display it on the website every day, and I think immediately I don't have. But we will get back to you.
- Moderator:** Thank you. The next question is from the line of Sujit Jain from ASK Investment Advisors. Please go ahead
- Sujit Jain:** Sir, in the last call we spoke about Axis Capital was there on board and others were getting on board, so probably seven or eight months it has been on board. Is it full service from Axis Capital to its clients or they are also kind of trial testing?
- P.S. Reddy:** Yes. I take it that way, because I don't see great traction as yet. It's happening. And they need to scale up their own distribution chain also. And knowledge transfer has to take place with regard to this product to the entire sales team. So it's in the process. And in fact I had meetings with them also, and I am sure it will happen.
- Sujit Jain:** And others such as BOB Capital, IDBI, Canara, YES Securities, SBI, they are also in a trial stage?
- P.S. Reddy:** Yes, that's right.
- Sujit Jain:** Okay. So, none of them have entered in your, let's say, I mean you are the only guy who is right now probably offering in some way, is nowhere close to entering in your top participants as of now?
- P.S. Reddy:** No. But once they enter there is no looking back
- Sujit Jain:** Certainly. And in MCX Clearing Corporation, how much stake we hold and who are the other shareholders?

- P.S. Reddy:** Only MCX is the wholly owned subsidiary.
- Sujit Jain:** So the income in consol in that one line where we book income from associate is coming from which entity?
- P.S. Reddy:** CCRL, that is commodity repository is there, CDSL commodity repository, there MCX and BSE have taken 24% stake each.
- Sujit Jain:** And remaining stake?
- P.S. Reddy:** That is with CDSL.
- Moderator:** Thank you. The next question is from the line of Arpit Ranka from Koval Investments. Please go ahead.
- Arpit Ranka:** Sir, just one more question on the physical settlement, as of now only base metals have been asked to sort of move on to that. In the future is something similar expected on bullion and energy basket of our products or any thoughts on that?
- P.S. Reddy:** See, except for crude and natural gas, everything else is physically delivered, gold, silver, there also huge deliveries are taking place.
- Arpit Ranka:** But compulsively physical settlements as of now are they are cash settlement?
- P.S. Reddy:** Yes, it is compulsively physical settlement. In gold it has been happening for some time.
- Arpit Ranka:** So only product left now on the cash settlement is your natural gas and crude?
- P.S. Reddy:** Energy segment.
- Moderator:** Thank you. Ladies and gentlemen. That was the last question for today. I now hand the conference over to Mr. P.S. Reddy for his closing comments. Over to you, sir.
- P.S. Reddy:** Thank you one and all for participating very actively and listening to us. Thank you for questions also. And I am sure the next quarter will be even more exciting. Thank you. Thanks to all of you.

Moderator: Thank you very much, sir.

P.S. Reddy: Thanks to Bridge also for organizing the call.

Moderator: Thank you so much, sir. Ladies and gentlemen, on behalf of Multi Commodity Exchange of India Limited, that concludes this conference call. Thank you for joining us. And you may now disconnect your lines.