

MCX/SEC/2195

February 28, 2023

The Dy. General Manager
Corporate Relations & Service Dept.
BSE Limited,
P.J. Towers, Dalal Street,
Mumbai - 400001

Scrip code: 534091, Scrip ID: MCX
Subject: Transcript of calls 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 of the call with investor/analysts:

Sr. No	Investor/Analysts	Date	Time	Annexure
1.	Ward Ferry (WF Asian Smaller Companies Fund Limited)	February 22, 2023	03:00 PM	<i>Annexure - A</i>

The said transcript is also uploaded on the website of the Company at <https://www.mcxindia.com/investor-relations/ir-meetings>

Further, we hereby confirm that no unpublished price sensitive information was shared/discussed during the said meeting.

Kindly take the same on record and acknowledge receipt.

Thanking you,

Yours faithfully,

For Multi Commodity Exchange of India Limited

Manisha Thakur
Company Secretary

Encl: As above



“Multi Commodity Exchange of India Limited”
Meeting with
Ward Ferry (WF Asian Smaller Companies Fund Limited)

February 22, 2023

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**MANAGEMENT: MR. D. G. PRAVEEN – HEAD, INVESTOR RELATIONS,
MCX
MR. SATYAJEET BOLAR – CHIEF OPERATING
OFFICER, MCX**

Aman: Thanks a lot for making time. Really appreciate you guys taking out time from your busy schedule. Let's talk about the quarterly results that we just discussed - in the quarterly results call with the analysts. Maybe first, let's talk first about the business. I think the options have been showing good progress so far, especially if you look at the February numbers on a day-to-day and month-on-month basis. What is driving this growth in options? What has been, in your view, doing well and what do you think can keep happening, let's say, in the course of next few months that will change the options either positively or negatively from a trajectory perspective?

D. G. Praveen: Before coming to the options, I feel that we have to speak about the mini contracts which we have come out with, launched very recently. We have come out with 3 products and all the three have received very good responses.

Aman: Three is.... zinc and what else?

D. G. Praveen: Zinc, aluminum, and lead. Participation-wise good and we feel that it should complement the main product, and besides that, we are all again looking for more mini products, maybe in crude oil and other energy products. That is a major development that happened within this period. And other aspect that we are looking at is, we also keep asking our regulator for maybe the odd lot kind of contracts which can be done in case of nickel and copper, because the contracts happen to be larger now. There, there is a challenge to maintain that trading and delivery unit at the same level. There we have been requesting the regulator to allow us to come out with some odd lot kind of treatment so that we are able to introduce some mini versions of those contracts also because internationally if you look at it, that kind of contracts are quite prevalent, like even if you look at Shanghai, they have a nickel contract where the trading unit is different from the delivery because its maintaining sometimes is very difficult. The practices could be different and the nature of the participants who are trading are also different. If you are able to bring down the contract size of those contracts, then I think that really

should add to the development of this particular market. That part we have taken up with our regulator.

Options anyway when we are speaking, it's been doing pretty well and what I can say is like the one thing you are aware that once this system migration also happens, we can come out with shorter duration contracts. That is our plan actually so that once things settle down, especially in bullion where we have today bimonthly contracts are there, in all the silver contracts and even the main gold contract, if we are able to come out with the shorter duration contract, we feel that we can get greater response for these contracts because overall the premium value will come down and more participants will get attracted to that kind of market. That is what we are looking for. Today I can say that more focus is on energy products. If shorter duration comes, I think options also could be well diversified going forward. That is what we are aiming for.

Aman: On mini contracts, one clarification. Mini contracts used to be there in our product mix, at least when we look at a few years ago and they were a meaningful portion of our ADV. When did it exactly stop in terms of year and what was the reason of pausing that product at that time?

D. G. Praveen: If you look at our market, it was launched very long time back. It is having a very long history, our product, even mini. Not only in bullion, in metals also, we have launched it quite long back. But in 2019, the regulator came out with a regulation saying that you cannot have multiple variants. You should have only 1 variant. The 1 variant can be of anything. It can be a smaller one or it can be a bigger one. So, for some period, we discontinued all types of contracts and we continued with mini contracts only, not the main contracts, for a little period. Maybe like 2-3 months, we tried that one, but when we have done that experiment, we didn't get very positive response for it. The trend is that you may find more participants in mini contracts, but volume-wise, it is not comparable to that of main contracts. In the main contracts, otherwise, you will have lesser participants. To balance, whether you have to

look for volume or whether you have to look for the number of participants. What we did is subsequently because initially we wanted to maintain that volume levels with some number of market participants. Then, we had discontinued that kind of smaller contracts and migrated to the main contracts and then we have continued. And while we are continuing with the main contract, we have been making that representation to the regulator asking for allowing the mini contracts because when they were there, they have significantly contributed to our volumes. Maybe you can say that depending upon the contract to contract, it has contributed to something around 20% to 30% depending upon the contract.

Aman: 20% to 30% when both were there? When all durations were there before 2019?

D. G. Praveen: Yes, before that time.

Aman: So, 20% to 30% of volumes were coming from mini contracts.

D. G. Praveen: Yes. The only thing is the period when all have been converted into physically delivered contracts, that all happened during the year 2019 only. But prior to that, we were having both mini and main, but they were settled based on LME contracts and those were cash settled contracts. So, I can say that we had a very brief history of compulsory delivery contracts in both main and mini contracts. And which got a gap and again we have relaunched them.

Aman: When you say main contract, now is it bimonthly in nature?

D. G. Praveen: In the case of metals, all are monthly contracts.

Aman: Bullion?

D. G. Praveen: Gold mini is a monthly contract, but gold main as well as all the versions of silver contracts are bimonthly contracts.

- Aman:** Energy, right now?
- D. G. Praveen:** Energy are all monthly contracts.
- Aman:** When we say these mini contracts we will launch, in which one.... I think zinc was launched on 17th, right? Or all these three have been launched already - zinc, aluminum, and lead?
- D. G. Praveen:** What we have done is we have given a gap of 2-2 days each. I think first one was on 19th and then 21st, like that we have launched it with some gap, and I think all the three were launched.
- Aman:** In your view, Mr. Praveen, which one do you think has the most promise generally going by historical activity between these three - zinc, aluminum, and lead? Which do you think has the most from mini contracts?
- D. G. Praveen:** The one way we can look at that is wherever the volumes are more in main contract, you can say that that is where you can get even more volumes even it is a mini version. Going by that logic, the numbers I will just read out and I think you will also get an idea. In year-to-date, April to December if you take aluminum, we have done an average daily turnover of Rs. 723 crores. And in zinc, we have done Rs. 868 crores. Lead is very less. It was about Rs. 125 crores. Going by that one, the zinc could do better than aluminum and lead.
- Aman:** Mr. Praveen, in terms of deepening of the market, we have got approvals for many of the new.... Apart from mini contracts, are there any other products that we think that we have got approvals for which will be significant like mini contracts for us? Some of these products may be new and hence you may not know but some products you may know because the demand that was given to you already by traders and so on, which products are you guys most excited by either their impact on futures or their impact on options from a deepening of market perspective?
- D. G. Praveen:** Leaving the mini contracts or even....?

Aman: Leaving the mini contracts, yes. Assuming that mini contracts of course would be very good and additive in nature, beyond that, what is there in the approval pipeline already approved? Because, we saw a long list of approvals have been given when we go through your website. Which one do you think are more significant in improving the turnover, not right now, but, in your view, over time?

D. G. Praveen: Currently, the ones that we have applied in case of metals like steel and aluminum alloy, and besides that, our focus has been shifted much on options where like I said earlier, it is like we are going for monthly contracts. We have already got approval for gold monthly contract, but because of these migrations, we were not able to go forward and do it and we are also focusing on other aspects like because SEBI allowed foreign participation, FPIs. There also, we are working on so that we can enable their participation soon.

Aman: But that is only for cash settled commodities for FPIs, right?

D. G. Praveen: Yes, you are right. It is for cash settled contract but still if the market participants are looking for intermarket arbitrages or looking for some algo kind of opportunity, still they can come and they can trade in this market. The strategies would remain the same, and if they are running certain kind of algo strategies elsewhere, definitely they are able to deploy and they are also able to tap that kind of opportunity if they are present in the Indian market. But going forward, those participants can also explore opportunities like cash and carry arbitrage in other metals like gold because now they are all being made physically delivered contracts. So, they can look for that kind of opportunities.

Nicholas: Mr. Praveen, continuing on the new product part, are many of these new products going to be additive in nature or would you see some cannibalization?

D. G. Praveen: These are all going to be new products. We cannot see any cannibalization here because whenever a new product is launched, whether it is a main

contract or a mini contract also, still what we could see is even the mini contracts are bringing in new participation. If you look at our earlier numbers for some period when mini contracts were discontinued, there was a sharp fall in the traded UCC. Of course, later we were able to bring it back to our options contract, but there was some dip that happened because of the discontinuation of mini contracts. So, whether it is a version of it, a variant of the same commodity or a new commodity, generally you find new participants coming into the system. There would be some common participants, but besides the common participants, there would be automatically some new participants who are going to come into this market. And common participants will be generally like algos and the speculators who are neutral to any commodity because the volatility will keep shifting from one commodity to other depending upon the fundamental nature or geopolitical factors. As and when that happens, the volatility gets shifted and activity will immediately move from one commodity to other. That is when your market should be ready, then participants try to find an opportunity there and that is how the market gets created and adds to the liquidity.

Aman:

I think in one of our last calls, you had mentioned that because of the Russia-Ukraine conflict, a certain kind of volumes we have been able to get for Russian commodities. Traders who, because of regulatory changes across the globe, were not able to access the global commodity markets. Is that volume still continuing or is that volume, otherwise, a small portion now?

D. G. Praveen:

Their volumes always have been limited; I am saying because these people are physical market participants. They will never add to the volumes. If at all they do it, they will add to the delivery or they will add to the open interest. What we are saying is it is like we have been getting different inquiries from different market participants, say it is Russia or some other people. But I don't know how far how many people really have come and traded in this market because of that barrier because so far FPIs were not allowed in this market. So, a regulation has to come. After that one, they can come and they can

trade. That way, they have not participated per se, but what I am saying is we could see the material coming from different parts of the world, and as and when we allow this foreign participation, I think we could see some of these players coming into this market and do the trading. But what I can say is because of that one, we cannot see a substantial increase in volume because they are not direct contributors of volumes. But you will be expanding your physical market network. That means your value chain will get deeper and integration with your physical market will become much deeper. That is how you will become a more representative market to the physical market.

Aman: We will come back to the business side in a bit again, but I had a few questions on the cash balance and what we are yielding in, in cash. Mr. Bolar, if you can talk about how much cash we have which is net worth cash, how much is margin cash today and what are we yielding on that?

Satyajeet Bolar: As on 31st of December, we had around Rs. 919 crores of our own net worth and then around Rs. 930 crores of margin money. The margin money is deployed as per SEBI regulations in short term parked in overnight or liquid or in FD. In our net worth, we have moved around 50% to 60% to long term and that is in state development loan guaranteed sovereign. We have also got some exposure in perpetual bonds of State Bank of India as well as in Bank of Baroda. On these, our yield is close to 7% and we also have some money in ultra short term and money markets. Overall, the yield is around 6.5%.

Aman: For the net worth cash?

Satyajeet Bolar: But we have moved a substantial amount to the long term and we have accounted it under the amortization method. So, if the interest rate goes up further, we won't be providing for any mark-to-market long term.....

Aman: Mr. Bolar, the Other Income that we have so far in the business in 9 months is about I think Rs. 47.5 crores. I know that in the quarter, there were some

mark-to-market losses. The income was lower because of mark-to-market in nature.

Satyajeet Bolar: Of course, that was in the 1st quarter. RBI came out with this policy hike sometime in May. So, the 1st quarter was a bad quarter. I think we must have gained around Rs. 6 crores to Rs. 7 crores. After that, we have regained.

Aman: You gained Rs. 9 crores in the first and then you have gained Rs. 18 crores and Rs. 20 crores after that in each quarter. The Rs. 18 crores and Rs. 20 crores that we were making in quarter 2 and quarter 3, this is only on net worth cash or does it include margin money?

Satyajeet Bolar: No, margin money we are accounting it because it is part of the operations, that forms part of the Income from Operations. So, in the quarter ended December, our clearing operations were around I think Rs. 17 crores on....

Aman: So, Rs. 17 crores, let's say, goes into Income from Operations and then what we see as Other Income is actually purely income from net-worth cash?

Satyajeet Bolar: Mainly income from net-worth cash. Also, we have some consultancy with Chittagong Stock Exchange. That is a crore or two. Mainly, it is the treasury income.

Aman: That's very helpful. Then, second thing, I think in some of the recent conversations with investors and sell side, you have mentioned about the long-term viewpoint or the cost structure of the TCS contract. I just have a clarification. I'll iterate what I know. PBT levels you have talked about; it will be neutral. You have also talked about single digit.

Satyajeet Bolar: Yes, we'll just clarify that.

Aman: I don't know what single digit means, so thought I will clarify.

Satyajeet Bolar: On the CDP platform, there will be 3 components to it. One would be the platform which is going to be developed by TCS. Then, there would be hardware and servers, i.e., our infrastructure. Then, there would be other intangibles, like we will be buying operating licenses and presently some of our staff also are working on it, their expenses will be capitalized in this. Assuming that it goes live sometime in Q1 of financial year 2023-24; that is when we expect it to go live; what would happen is that the first year would be under warranty. The platform would be under 1-year warranty. So, we won't pay anything, but from next year onwards, i.e., 2024-25 period, we will be paying an AMC to TCS and that AMC would be single digit in crore.

Aman: This is on annual basis or quarterly basis, Mr. Bolar?

Satyajeet Bolar: Annual basis, it is for internal as a single digit in crore. So, it would be less than 15 crore per annum and then you would also have the AMC part for the infrastructure and you would also pay the subscription charges for the operating software. All that will come in. That is an addition to what we pay to TCS as AMC.

Aman: When you look at this AMC for infrastructure and subscription cost that you will pay for software, I was not sure how to understand how much will that cost be? Because these are all cash cost in nature. So, in your view, total quantum of cash cost which will go above EBITDA.... We have a broad sense. Let's assume single digit will be this AMC cost from 2nd year onwards to TCS. This AMC infrastructure and subscription software, what do you think broad ranges will be?

Satyajeet Bolar: Let me put it, it will be in double digits, but it won't be.... What should I say? It will be less than Rs. 20 crores.

Aman: So, all these 3 items will be less than Rs. 20 crores and these are all cash costs in nature, right?

Satyajeet Bolar: Yes.

Aman: And when you look at the depreciation & amortization expense, that I think you have anyways guided that including that we will be having a similar cost as....

Satyajeet Bolar: Aman, the servers, they would be depreciated over its useful life, the platform over its useful life, modular.... They would be at a different.... Some of them would have a 6-year useful life, some of them would have 8 years' useful life. That would be a bigger amount, I would say.

Aman: Is it still safe to assume on PBT level that you've guided that this cash cost and the non-cash cost put together should be what we would have given to 63 Moons if this was an as-going contract?

Satyajeet Bolar: As per the older contract, I think it would be more or less *mota-mota*....

Aman: Basis quarter 3 FY23 volumes?

Satyajeet Bolar: If we were to pay the fixed and the variable on quarter 3 volume, yes, I think it would be that. I am not saying door-to-door but more or less, it will be in that range.

Aman: Any other expenses Mr. Bolar that you think have seen or expected to see an increase or decrease which are meaningful in nature?

Satyajeet Bolar: We have anyway mentioned it in most of the accounts that for this quarter, we have a tie-up with 63 Moons and for the next quarter.

Aman: Yes, I'll come to that, but apart from 63 Moons and this software cost that we have discussed, any other expenses either on people cost or on the cost of.... There is a line item called Other Expenses in the P&L. Anywhere do you see a significant variation over the next few quarters?

Satyajeet Bolar: People cost is always a challenge, to retain good people. While we have been recruiting, but the challenge would be once the system goes live and things

stabilize, many of them may no longer find it a challenge. Some of them ignore and look out for more challenging assignments. Those challenges would be there. Being a technology-driven company, having good technical people is very important.

Aman: One last thing. You mentioned this cash cost Rs. 20 crores, whatever people that we have recruited so far for technology function internally, their cost is already accounted for in our run rate people cost?

Satyajeet Bolar: Yes, part of that who are directly involved in the CDP project, we allocate that to the CDP project.

Aman: When you say allocate, that means what?

Satyajeet Bolar: We take it to the capital work in progress and we will amortize it, we will capitalize it once the project goes live.

Aman: But again, will the people cost increase meaningfully? Because, after the project goes live, you will not be able to capitalize that cost.

Satyajeet Bolar: I won't say meaningfully, but it would go up partially because it's not a large amount because it is based on the number of hours they put in. We have a proper mechanism. They log in and it is then weighted by the respective team heads that they have put in so many hours for the project.

Aman: On the CapEx, both on software and hardware, is there any guidance that you have been open to giving, like what's the estimate that you are getting?

Satyajeet Bolar: We are in the process of finalizing our corporate budget. It is a still going on activity.

Aman: But I would assume that when you finalized the TCS contract, some broad sense you have that this is the software cost that I have incurred or development expenses, this is the hardware that I have to buy additionally....

Satyajeet Bolar: That they have already gotten and that's why I said we have already got it but....

Aman: Is that reflected in the balance sheet as CWIP?

Satyajeet Bolar: CWIP.

Aman: And is there a meaningful portion that is supposed to come more outside of CWIP?

Satyajeet Bolar: As I said that we are still doing the exercise of our corporate budget. So, I will get an idea of fee maybe in another 15 days for 2023-24 but I think there would be some incremental expense and also that this.... We should keep in mind that there would be a tech refresh after 5 to 6 years for the internal structure that we have bought for the CDP project. The hardware, there would be a tech refresh after 6 years. That is something that we have to factor in.

Aman: Nicholas, do you have any other questions? Otherwise, I want to spend a few minutes on 63 Moons also, the contract renewal. Do you have something else that you want to discuss first?

Nicholas: I think we will go to 63, I have a couple of questions there.

Aman: Mr. Praveen and Mr. Bolar, I think this has been discussed multiple times for you by investors. We have a few questions on this. First one is around, you've talked about that mocks are going on and most of the key customers have done their mocks already. 90% to 95% of volume comes from a certain number of customers. They have done these mocks. What is our comfort of getting this done on time which now is it 31st March, is it 30th June, is it somewhere in between, or can it go beyond that? And the reason I ask this is because in early November when we last had a chat, the mocks were going on at that time as well, and this of course has slipped unfortunately. But I

think even it has been a fairly public slip on the part of TCS as well. Where are we in terms of comfort on implementation now before 30th of June?

D. G. Praveen: Like, I think, we told in the investor calls also, we will be doing some mocks. Again, it is going to be a very comprehensive mock which will include the T7 as well as the BaNCS. Both will be getting tested and that we are planning to do it this month only, that mock.

Aman: February?

D. G. Praveen: Yes, February. That is what the plan is all about. We will get a very good... Number-wise, even if you look at the previous mock, I think most of the members have participated in our mock. Fairly, their contribution to our volumes is about 90% to 95%. That way, that is not a challenge per se. And at that time, some brokers were asking for a bit of more time so that they can also themselves get integrated to this one. And longtime back only we have released the APIs. That way, more wanted to integrate with our systems, they can do it. This mock will give a fair amount of idea like how the performance of the system is all about. And while we continue to do our parallel runs as an internal mechanism, we can come to know how it is performing; how your current system is performing vis-a-vis your new system. But it is not going to be put for the outside. It is more for our internal evaluation how the systems and how to do it. Once we roll it, we are.... Presently, our idea is to do it much earlier than June 30th. That is what we have been looking for. And this mock definitely will give us some good amount of visibility or idea where we stand.

Aman: Mr. Praveen, is there a possibility in your view and whatever assessment TCS has done so far that it can get delayed beyond June 30th or you think so far everything is tracking as per before June 30th implementation?

D. G. Praveen: It is a question similar to the one whether we were able to go live before 31st December or not.

Aman:

Yes, of course. I understand Mr. Praveen. The only reason I asked this again is, that was the first time you were doing the mocks. Now, if you take that continuum from November to February, it has been 4 months with whichever issues probably came by and it's also about we were supposed to get it done by July earlier last year. TCS was supposed to, I think, implement it by July and then we had the contract till September which is.... Each incremental month, in my assumption, gives you a meaningfully higher confidence level hopefully on the implementation. But that should also be in some sense represented to people like us by saying thumping the table that now I believe we had an unfortunate slip because it is finally technology; sometimes may not happen on time. But now we are comfortable basis what we have seen that it will happen again. There is, I think, pretty short of saying 100% we are saying that we have X percentage confidence that it will happen. This is what, I think, investors are requesting you to talk about. That's what I am thinking. We are saying that I know it's hard to commit but is the visibility there? Also because business side you had mentioned in the investor call that business side was done in November. It is more of reporting and back end and the margin requirements, in my understanding, are kind of getting configured. Reports more importantly getting configured right now. But of course, you guys know it best, is this that part or something else. Just wondering.... The other way to ask this is if it doesn't happen by June 30th, who bears the cost then? Is there somebody who has raised his or her hand saying that "Okay, enough is enough. Beyond June 30th if it doesn't happen, somebody has to take responsibility of that."?

Satyajeet Bolar:

This matter, responsibility side, as we have mentioned earlier also, has been taken right up to the Board of Tata Sons, their holding company including and also the TCS and the Chief Operating Officer is also a part of the review mechanism at TCS. It is being reviewed at the highest level. And we will keep coming out with updates as and when the mocks happen in the later part of the month. I think it will start from Monday probably. This is not something we are comfortable with.

- D. G. Praveen:** Like we all know that other than technology, we don't have any other priority right now.
- Aman:** I think it's a tough situation to be in from your side also.
- Satyajeet Bolar:** Concession that we can get from TCS would be limited.
- Aman:** There is no way you can get the entire amount you have paid because the contract cost itself is not that much.
- D. G. Praveen:** Absolutely, right.
- Aman:** And nobody will pay you the entire contract cost even if they delay. It's not that they will do this for free.
- Satyajeet Bolar:** And I think the idea of the AMC charges, you could map it to the contract cost. So, you know, we have negotiated well, but finally it has to be delivered, isn't it?
- Aman:** The mock-ups so far that you have done and we have done some channel checks historically at least the response was lukewarm in our view on the mock-ups. Is that a one-off feedback that we have got or you have got a similar feedback on the historical mocks? Not the recent ones, but the historical ones, we had heard, but of course, it was development time at that time, things happened. How are you guys feeling the response right now?
- D. G. Praveen:** It's more about the integration challenges our people were facing. That was the main thing because in this mock, that is why we wanted to do a more comprehensive one where we would test both the T7 as well as BaNCS. That was the thing that led to the integration part between these two because independently both are doing well, T7 and BaNCS, because both have been deployed in one place or the other. So, there is a certain amount of customization and the integration between these 2 things. That is what is more important. That is where we had a problem earlier.

Aman: The additional compensation or the new compensation that we had to pay to 63 Moons in quarter 3 and now in quarter 4 and 1st quarter, that Rs. 60 crores and Rs. 81 crores approximately number that we had to agree for, is that based on any formula or was this just a number which was asked by them and they were not ready to negotiate on, given historically, we have been on a formula with them?

Satyajeet Bolar: Yes, you got it right. Either take it or leave it.

Aman: How did the Board and the regulator react to it because the Board was involved and the regulator was involved? Is there anything that the Board asked of you guys or asked through regulators of those guys that this is not fair for a public company? Is there something that they reacted to on this number being so high or....?

D. G. Praveen: Even the perspective of the regulator.... Regulators are more worried about the continuity. But then, what matters is you should have a smooth run. Operation should be smooth. That is what is more important for them because as a regulator anybody will look at it first. They are not into the commercial side of it.

Aman: And what was the Board's reaction? This number was tabled at the Board level also because of the quantum of the number? How did they think about it? What was their perspective on this egregious number to say the least?

Satyajeet Bolar: They are also aware of the circumstances under which the negotiation took place. This is not something that we are all comfortable with.

D. G. Praveen: We had limited choice on the negotiation. We know that because now since we are with 1 software there is an alternative that we have. We are in the midst of transition.

Satyajeet Bolar: These are all legally and these are commercial calls. It will be very difficult for anyone to intervene.

Aman: The reason I ask this question was at some point of time I remember in the end of September last year, there was a press release that 63 Moons will stop providing services to MCX because the contract was expiring. And I remember the broad thought process at that time seemed like we weren't able to launch new things but we can run with what we have because of inherent knowledge that we have as a team of the software. So, we can do the basics required to run it till the time we do the new software but we will not be able to make any major changes, and seemingly at that time, the regulator was aware of it, and of course, that has not.... We have decided to renew it and I am sure that there is some thought process which went behind that decision and now this decision. That's the reason I am trying to understand that part.

D. G. Praveen: Considering it's like operating yourself, there is always an amount of risk. So, you always have to factor that in totality. More than anything what we are more interested is continuity. That is paramount of anything. That if you have a vendor support, that is always better rather than you running on your own.

Satyajeet Bolar: You also commit to the market participants, isn't it? The system will be up and running, and if there is any technical glitch, it will be taken care of by the software vendor.

Aman: Nicholas, anything on this side, on 63 Moons or the software?

Nicholas: I have many questions. Now we can't change it, but why did we go with this new software at all be it on the costs and ownership?

Aman: I know there is a cost advantage in the long run, but the question is that beyond cost, now that we will be in the new software end of June by the latest, what are other advantages that we see beyond cost? Beyond what we incur in terms of P&L expenses, what are the advantages that this software will give us? The technological advantage to participants.

D. G. Praveen: Software is the other parts, but technically I think Bolar also will second to what I am saying, we wanted to go with bare minimum in the first initial stage.

We are not looking for some advanced system right from day 1 because given the challenges that we are facing because the time is very important today for us. We have to migrate to the new system. So, our objective is to migrate at least with minimum requirement, but subsequently it will be improved on because definitely T7 is a very advanced matching engine compared to any other thing and it has been tested also and BSE and other people are also using this one.

Aman: T7 you call it, Mr. Praveen?

D. G. Praveen: Yes, T7.

Aman: Is it a proprietary system?

D. G. Praveen: Yes, it is a proprietary system.

Satyajeet Bolar: Owned by Deutsche Borse which is licensed to us.

D. G. Praveen: And BaNCS is by the TCS which has developed it. The one that we will be getting is T7 and the BaNCS okay two. So, while we are doing it, we are not looking for so many features from day 1. Minimum features we wanted to go live. That is our objective. By whatever is there, if we are able to migrate before that time, then I feel that immediately the clients won't find a system which is much superior or something. That won't happen in the initial stages, but over a period of time, definitely we expect that system to perform better.

Nicholas: So, at launch, we shouldn't expect to see all the new products in the works like the monthly contracts? Will those take time after launching it?

D. G. Praveen: Yes, that once we test it. The important element that we have to look at it is the continuity. I cannot launch a product and then see that I want to stop it and we will relaunch it after a point of time because the open interest could have been built up in that one. Once open interest is built up, then it is very difficult for me if my new system is not able to provide that one. So, once I am

guaranteed of continuity in the new system, that means it should be tested. That is why testing is going on. Once it gets tested, then it is like we are able to launch because in the current system, we are able to launch also. That means monthly contracts also. But what today we are looking at is whether it is possible even in the new system or not. Once it is there, automatically it is like we will be launching right now.

Aman: Mr. Praveen, a clarification. You are saying that on day 1, you want to go live with whatever is minimal possible so that people can start using the system. It is a great thought. Just for a layman like me, on 30th of June, do we need to have 2 systems running in parallel or would we be able to transition in the current plan to the new system completely? So, do you think that some products will be on new and some will be on old or customers will be new or....?

D. G. Praveen: It is very difficult to maintain 2 systems. While parallel run can happen that is meant for internal use, but I cannot ask my clients to have 2 systems and banks to have 2 systems. It is very difficult. It is always advisable to go with only 1, either new one or the old one but not both. There was a thought process which we were looking at it whether can we first shift the agriculture commodity and then later we can migrate to all.... But even in that case also, the time gap that is between these two cannot be for a very long period because we cannot give that much of time. People have to get adjusted. It is very difficult for them to punch the trades in 2 systems or that kind of thing. It will become very inconvenient for the market participants.

Aman: Again, just for my summary, when we say that we will transition to the new system, that means overall transition. It does not mean only the simple launch?

D. G. Praveen: That is what we are looking currently.

Aman: Nicholas, anything else that you want to check on either revenue cost or software side?

Nicholas: A very very basic question from my side. What's the customer experience difference between this new software and the previous one? Is there going to be any difference or is it going to be familiar?

D. G. Praveen: What I can say is today many of them are using CTCL terminals. For them, the trading terminals are going to remain the same because what we have given is the APIs. Based on the APIs, they can develop their own software which is already they are having. Just they have to integrate their current system with this particular one. That is what is current objective is and I don't see in that perspective it is going to be substantially different from your old system or the new one. And secondly like latency and all those things, I am telling it is too early to make a comment between the new system and the old one because the new system like I said, initially I wanted to go with whatever is the minimum features that I wanted to go live. That is what I am looking at currently because subsequently I can look for speed, I can look for various other elements. So, at this hour, it may not be fair to do a comparison between the current and the new system.

Aman: Thank you so much for making time Mr. Bolar and Mr. Praveen. Thank you Rovina for organizing the call. Really appreciate you guys taking out time as always and we wish you best of luck for the implementation. Hopefully, next quarter when we meet, all this is behind us; you would have hopefully been able to overcome the initial challenges and this will be a great outcome for the company in the long run.

D. G. Praveen: Thank you.