

MCX/SEC/2101

August 30, 2022

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.	WF Asian Smaller Companies Fund Limited (Ward Ferry Management Limited)	August 24, 2022	04:00 p.m.	<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Further, we hereby confirm that no unpublished price sensitive information was shared/discussed during the said meeting.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

Ajay Puri
Company Secretary

Encl: As above



“Multi Commodity Exchange Conference Call”

Meeting with WF Asian Smaller Companies Fund Limited

August 24, 2022

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 than those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements.



**Management: Mr. P.S. Reddy – Managing Director and Chief
Executive Officer
Mr. Satyajeeet Bolar – Chief Financial Officer
Mr. DG Praveen – Head Investor Relations**

P. S. Reddy: Welcome to MCX once again. Since you know the company you have been staying invested over the last two years or so. Please go ahead and fire the questions, I will answer.

Analyst: Thank you Mr. Reddy.

P. S. Reddy: You can also switch on the mic.

Analyst: Now it's on.

P. S. Reddy: You see the red color here, it's on.

Analyst: Yes, its' ok. Thank you, Mr. Reddy for the opportunity. I guess from my perspective, two questions are top of my mind, one is there are a number of variables that as senior management personnel you cannot control with respect to the exchange, right. Like how much volumes are being traded, which commodity is being traded, these are things that are natural outcomes of global macro and volatility. But what you can control is, introduction of new products, educating the investor base, and just trying to deepen the market from your perspective. So we love to understand over the next three to five years, what are the big changes or big themes that you see playing out as far as the commodities market is concerned in India.

P. S. Reddy: No, you're absolutely right, you know what we have been doing and what we'll continue to do is, to create a merchant ecosystem, such that when opportunities come, it will automatically translate into higher volumes. So, that is something which we have been keen on doing. So, one is - products we have, we can choose more and more products, which the market wants and second thing is to increase the distribution, the kind of distribution that currently we have. Of course, the third segment is the education part which you said, still there's a lot of ground to cover in this area. And I only expect the people to refrain from comparing with the markets, because in the case of equities, the trading lot is one share and then anybody can trade, but here each product is a unique one, its nuances have to be understood and even if one wants to get into it, there's something called a trading lot and the minimum is what comes out of the factories for buying. So, down that the margins are always very high. For

example, Nickel contract, which is almost all seven, eight lakhs is the margin. So, because the trading unit itself is costing one trading unit cost is as good as one share is costing 40 lakhs, 35 to 40 lakhs depending on the price.

So, I mean first, we need to understand the ground realities and this is one major aspect of it. The second aspect of it is, whom are we really targeting, that's another thing. While speculators are important for this market, as speculators do come, and there is a natural growth rate, we refer to speculators and whenever there is an opportunity, they will jump in. Now, it is the speculators who take the risk when the hedgers want to give it up. And hedging is nothing but giving up the risk. So, they are very, very important for us. So our intention is to bring and build an open interest, as much open interest as we can build, I'm sure more and more speculators will stay in this in these markets. So, for that what we have been doing is, one is to identify the bottom of the procedures actually, no, I'm not looking to make a top now, because the top guys are anyway hedging it and that is what they have reached that maturity and who understands what is the purpose of hedging. So, given their size, they look for investing or hedging in international markets and there's no ban on it except for gold at this point in time. So they're all hedge in international markets. Who don't hedge, while those ones who do not have an international exposure, who do not understand the concept of hedging or who are too small a player who cannot go to an international exchange and hedge even if they understand, because the contract sizes in those international markets are very big.

Analyst: Much bigger than what we have.

P. S. Reddy: Much much bigger than what we have it. So, when I position the MCX vis-à-vis the international exchanges, we always say this look, we are catering to our domestic players, and domestic players majorly are MSMEs. And if they come, and if they grow on this exchange automatically the other players will start looking at this market. Because it's an egg-chicken situation for me, if I ask big players to come, they will say where is liquidity, and I want formal contracts liquidity, et cetera, et cetera. So, for a smaller player, whatever liquidity we have is good enough. So, this for me every drop in the ocean

counts. So if the smaller players keep coming, the liquidity pool will automatically increase. That's the way we have approached it. But at the same time, it's also a Herculean task, because the smaller players they will contribute only so much. So we need to reach out pan India through various means, be that education, be that one-to-one hand holding also or industry associations, or some of the banks who have lent money to those investors, those industries. For example, we have done a program with SIDBI where we have reached out to them, they are kind enough to optimize some of the MSMEs programs. Similarly, we will do it with many more regional centers of SIDBI so that they bring MSMEs to this fold.

Now, understanding the concept is one thing and then actually playing... I think that is where I'm coming to, we need to make this land or this particular ecosystem fertile enough for these people to germinate. That's where these ideas are planted, we do not know when they will actually start trading. Now we have seen also, again it's a multi-pronged approach. It's not just we just taught them, educated them and left. No, we also identified some brokers, and then said that look, he's a potential candidate, so that he can keep hand holding, anywhere we can't directly deal with them. They have to come through a member broker, so a quality member broker, they pursue them, and then one day, it will happen. And in fact, we tell them you may be investing in equities, okay. It's most likely that those equity members are members of our exchange also. So you don't need to bring a new relationship, build a new relationship. You just go back and ask them, I'm sure they will give you solutions.

This is the hedger part of it. Then it comes to the mutual funds, and with the mutual fund industry, the AMFI, we have anyways... and I think it's likely that they will institute a committee within the mutual fund industry, for them to actually meet and understand what are the issues that the industry is facing and represent to SEBI, we have been asking the industry and in fact, Mr. Bala, I have been engaging with him. So he agreed finally, so I think that will happen. Now, currently, about three, four of them are doing it. And some, for example silver ETF, when they wanted to launch, a lot of issues were there. So, we engaged with SEBI and then got some of the concessions made where the schemes are also, if they choose to participate they should be able to participate

on the exchange platform. That's the way we wanted the regulatory framework to be structured. Now still some issues are left out, let us say, the standard silver contract size is 30 kgs, now they say that you should take only 30 kgs, but then nowhere in the world that delivery comes in 30 kgs exactly. It could be a tolerance limit of 2.5% on 1 kg, it can be slightly here and there. So, that's how the way it is. So, we are telling them you please don't hardcode it at 30 kgs but you provide some export, some kind of leeway. As long as they take the delivery from the exchange, they want to take delivery, that's fine. Whatever exchange gives, you see it is fine. Or if they just don't want to take even physical delivery because they need to keep it somewhere and there is cost of storage then, just simply buy a contract and then exposure say, take exposure, that's good enough for them. And they can benefit from the price differences they keep rolling over. So some are doing it already, some are still to do it, I think the new HDFC has launched recently, somebody said that, and there's a provision for hedging it on the exchange platform also. So, again, even if you see the mutual funds, almost 90% of them are focused on equities, very few are equity or debt funds, but nothing to do with commodities so much. Gold ETFs are there but that is again, they have to correct the scheme, if the new scheme comes then, they can always say that they can also take exposure in the commodities. This is one part of it, the industry problems I'm addressing them. So, in order to address all these problems and then get them on our own. We have requested the AMFI to constitute this committee, I think that is that's likely to happen in the coming weeks.

So, coming back to the other distribution part of it again, we are bank broking house, this is what we have been talking, again the growth is slow not that I'm happy about it, but I can only do so much because it involves cost for them to develop a back office software and then launch full-fledged commodities. So again there, they also asked me - that look, my clients are not asking for commodities so why do I do this? I think, it's a fair point what they are saying. Now, again if the client is not asking, fine, but how much can I ask investors to go for it because there is GST issue. Any commodity if they take it, unlike in equities, they get into Demat account, they sell, it goes out, no, no problem. Here, you need to give that credit back to the one who is selling it.

Analyst: Sir, how does that work, can you just explain with an example how much, if somebody is it's a future somebody is buying through a bank brokerage how does the GST work in that?

P. S. Reddy: No, when they are buying it they take the delivery of the commodity.

Analyst: Correct.

P. S. Reddy: So, assuming it, so they have to pay the GST.

Analyst: Okay.

P. S. Reddy: Okay. When they sell it, they should get back that credit. Okay. So, but they won't get it unless they're registered.

Analyst: Okay.

P. S. Reddy: All these people whomsoever is trading in commodities must, if they focus on taking delivery of any product, they must register in all states where we have the warehouses, that is the business rule at this point, business rule or the impact story, okay.

DG Praveen: Somebody enters and exits intraday trading...

P. S. Reddy: That is a speculator.

DG Praveen: There is no issues, if at all it goes for any derivative, then with GST...

Analyst: And the solution for that is, like, the regulation has to change?

P. S. Reddy: We have we have been breaking our head with the government. And we have been asking them to change this. We have made a lot of representations to the government and we have also set revenue to the proposition that we have given, simply convert them into IGST. So if it is IGST, then they need to register at least in one state. In the case of current regulations, where all the warehouses are located you should have registration in that state notwithstanding your ... with something else, okay. Now, this is this is one part of it the GST issue. So coming back to the banks, so they couldn't offer, and I don't advise also to

offer, to all equity investors without fully understanding the nuances of the business, if they are buying and selling and getting it out, I have no problem. But if anybody is stuck, it will be a very bad day and I don't want that to happen and then bad experiences should not be spread. I mean, I don't want anybody to have a bad experience... So that's why we are looking at it carefully, but what we have been telling them and then I do not know how much it is happening, as a bank, you have a lot of customer base who are corporates and they must be having some exposure to some of the commodities, why don't you bring them on board, they should fully understand, and if you tell them they will do it. You know, because you're a lender, maybe there's some relationship is there, okay. That is what we are telling, they nod their head with us. But then, at some point in time they say there's a Chinese wall or Indian wall, whatever it is, they build a line wall and all that kind of thing. And then they say that it's not happening as much as we expected it to be, is the response we get, I think that is something which we should be constantly at it.

While on this topic, while I will take one step back to the education, we have gone to the bank training colleges, you know some of these banks have got their staff colleges, two, three have come together. So even in that we wanted them to make it a part of curriculum, okay, so that they understand hedging, the bankers themselves, when they are extending loans, they can also tell them, this is the way you can mitigate the risk. And that is something which I don't know how many programs have done yet.

DG Praveen: We have a separate, apart from that banker's college, we in fact approach with the banks branch's, they come together, all the relevant people, then we have given them education.

P. S. Reddy: Okay. So, trying to see, we don't know, which one will click and then that's the way we are looking at it, but so at various levels education is happening. So this is another part of it and so, the banks we have been telling, that the corporate should be addressed. And I think we will pursue it little aggressively as we go along with this one route, very important funding, probably will take the major bank ICICI...

- DG Praveen:** We already done with HDFC and other banks. We made a request to them also, because every year you will be having new employees, who will keep coming. So if at all you are doing any induction program or something the beginning of any year, like you will be doing something so, we will be happy to come there and we can keep some sessions, so that all the new inducts will be knowing that and what is commodities and how it is covering up.
- Analyst:** Okay. Your larger shareholder is a top bank, I'm curious to hear like, and they also have representatives on the board.
- P. S. Reddy:** Yes, but Kotak Securities is one of them, also ICICI, these are the two major players on the exchange, they are supporting in that sense. But, again I don't peep into beyond the Kotak Securities. It doesn't ... me to get into that, I can only tell them 10 times or 100 times, please ask your parent to share with you the corporate accounts and then deal with them. So...
- Analyst:** Sir, if I can, may suggest, you may have already thought about... when you go to CA Association, Chartered Accountant Associations, and you know some of these are auditors of these SMEs and MSMEs, would that be helpful...
- P. S. Reddy:** We have done.
- Analyst:** How is the response?
- P. S. Reddy:** The response is good, the response is good but the problem is, just maybe last week, in Kochi, we had a program and our head of energy went there. They all liked it, the program, and in meetings they tell (there are all CFOs and others) - our management are resistant to showing the assistance, we understand this is what needs to be done, but management's are not interested and we tell them, many people - hedging is not speculation, but not hedging is speculation that is very clear okay, because they got used to that kind of extra buck by not hedging and speculating on the market. But if, I mean if that is the way they have been brought up maybe for generations it will take time for, some more time to for them to change. This is one aspect of it.

Now coming back to the products, yes. We are looking at Electricity futures this is one, we hope that it will be resolved at the earliest, this is what our ask has been, and it is delayed almost a year or so, more than a year I must say, and hopefully we'll get this resolved at the earliest. Now, this is one part of it, then you know aluminum alloys is another one and steel TMT rods, these are the contracts which we are looking at. And we are also looking at gold options. Gold options, for monthly option on a bi-monthly contract, currently we have a bi-monthly options contract. So, the tenure is long, so if it is monthly, the premium will come down, is what our ask is. Of course, we have a mini contract, gold mini options, doing well in comparison to what the turnover in the underlying futures is. So, that is the way it is, but we expect like this rally for the energy contracts, we expect this one also to do. So, in the product segment wise, we expect a much bigger growth in the options in the next six to seven years, than in the underlying futures, we just have to be vibrant, no doubt about it, because these options are getting converted into the futures, but all options don't get converted, mini gets closed. So, whatever it is remaining that will get converted into futures, at old prepositions. I hope I have addressed, anything more.

Analyst:

Absolutely. Thank you so much Mr. Reddy. One follow-up question I had was, purely by regulations, corporates have to hedge gold exposure domestically right which must have benefited the exchange right, can you help us understand the extent of that benefit and also if you think similar favorable changes can be brought about for other commodities.

P. S. Reddy:

The first question yes, we are immensely benefited because of that. You name it, any top guy, they are already there, on the exchange they are hedging it. So, whether we benefited yes, it is benefited, whether we can have a similar replication in other industries, it is doubtful because it is the RBI which has done it and two, three times we have written to them requesting that this particular banding must be done. And so that the domestic players will hedge in the domestic market.

Analyst:

For other commodities?

- P. S. Reddy:** For other products, okay it didn't work so far. So that's where our...
- Analyst:** What is the resistance from the other commodities?
- P. S. Reddy:** The cost of trading in India is high, let's accept that, okay. And the regulations and rules are not conducive for one to get a line of credit, and not to deal with the day to day pay-in and pay out, et cetera. And that is something which we need to address. Currently, you have a CTT which you don't find elsewhere, and, like the creditor, currently there is no brokers, we use, to arrange in overseas markets, but that's not the case here.
- Analyst:** But you are not optimistic on that sort of changing over the next few years?
- P. S. Reddy:** Well, while, while we make an attempt to change that, but what I can't change, I will accept it to be as it is and then develop our strength to pursue in other areas where we can make an impact. So, that is where we are trying to reach out to, and one of the activities that we are doing, again to bring the industry as a center of our business, okay. We are empaneling them to deliver on the exchange platform. So, gold, three or four of them have been empaneled to deliver, including Titan. And similarly for lead, two of them have been done and then other two have been approved and then they will also be eligible to put their parts on our platform. So that gives visibility, not only to industry, to the people who are getting admitted / empaneled, but also to our own platform, and the word will spread around. That's the way we are tackling this.
- Analyst:** Mr. Reddy, I have one question on the future growth projection, while you know, value of business is largely technology business where you don't need to invest proportionately to growth, how do you think about, your view of three, five years out, what do you need to plan from a growth perspective, what is the right view on growth for the exchange across either futures or options, hard to predict, but how do you plan the growth, how do you look at your inputs, your internal capacity, people capacity to address the growth that you think is the right for the, because year-to-year nobody can predict but three, five years we may have some targets internally that you guys think about and basis that you plan the manpower, plan the technology, how do you think about that?

P. S. Reddy: Look, the technology is basically, we are a what you call a technology driven company, okay, our backbone is technology. Now, be it planning vis-à-vis the volumes we accordingly plan it that is as per the technology concerned. So that's not an issue.

Analyst: Is it like substantially over planned let say for next three years, five years?

P. S. Reddy: No, no, I mean that, there are certain things I will not be able to disclose, honestly.

Analyst: Sure.

P. S. Reddy: Because that is we never do that. But, all that I can say is, there is a SEBI regulation which says you know, you should always... it should be two times. Two times the highest volume that you have had. So that is always there for me. So, having got the two times headroom, I don't need to worry if there is any intermediate search, that is one part it. The second part of it is, our protocol, it's not proportionately related, our expenses are not proportionately related to the growth on the top line, because especially the people and other things, whosoever are there, they are there. Just because volumes are going up, I may not recruit more people, okay. But if I venture into new areas of business, that's where we plan and then get into it, that is where the some of these spot exchanges makes the difference for us, looking forward.

Analyst: Got it. Could you remind us Mr. Reddy what are the spot exchanges, I think there is a gold spot exchange?

P. S. Reddy: Gold is one, but coal is another one, which we are actively working on it, not got the boards approvals, but then we are there, in the sense. We are very actively considering these spot exchanges.

Analyst: And do you have a sense of how large the addressable market is for the gold and coal spot exchange?

P. S. Reddy: Well, in the case of gold, being a spot exchange and currently there's a positive set in the physical market, probably those who want to take physical gold

delivery, they will come to this platform and then take it, that's the way it is. So, but it is equally important to understand how far, unlike... it's in a Demat form, so that's one beauty of it, the gold EDRs are kept on, depository receipts are generated. So they keep accumulating, they don't need to worry, and on a day to day basis, they don't need to take physical delivery and then keep it in any vault or anything. But whenever they want to take delivery, we must facilitate that many centers for that kind of you know, we should facilitate so much, having said this in the existing framework also, we have issued a circular to member, brokers and then clients, telling that we are vault managers, so many vaults are there, they have agreed to do a doorstep delivery of gold. So even if it is a futures contract, maybe one month down the line you want to take delivery, then you can buy a contract and then take delivery and you're guaranteed a pure quality there's no doubt about it. So this is a multi-pronged approach here also, in the sense if this instrument of this facilitation. #A, it is easy to attract retail investors into this because this is on to MCX, gold is the darling of the market and many households also, they get attracted. Number two, they will be hooked on to MCX for a longer time because they know what is needed and whenever they want or think of gold, they will come to MCX. Third, member brokers who are currently not at all doing it, at least they will start to tell equity investors selling gold coins, gold you know this one, gold products. Now third, I mean fourth one, even the silver is another one which is attracting it also okay. In silver also we can deliver it in we're not just launched it the doorstep delivery thing, but silver also we have asked the vendors to have it given at multiple deliver centers, but this, this is seeing some traction, we find that member brokers are interested, now whoever not earlier opening the terminals also MCX they have a license. Now, they say that yes, you spread this word to your customers to take delivery from MCX, I think that is something which brings in greater degree of trust among the investors, and it will be in Demat until they take delivery, whenever they choose to take delivery, they can simply do it.

Analyst:

Do you have a sense of the, I know this is all crystal ball gazing at this stage, but do you have a sense of the revenue potential of gold spot exchange or a silver spot exchange?

P. S. Reddy: No, gold spot exchange we have projections, no doubt about it. We have taken a very what you call, a conservative approach on this, we wanted to do it as a segment of the exchange, but we don't have a technology platform at this point in time, we have given it to TCS. TCS says once they deliver the code, that code they pick up and then do the tweaking and then deliver this one. But again there is a GST issue out there, that is the reason why people have not launched this one. Otherwise, BSE was about to launch last year Akshaya Tritiya, so one more Akshaya Tritiya gone nothing has happened. So that is the way it is at this point in time.

Analyst: But can it be comparable to the size of your base business?

P. S. Reddy: It will not be so much. See, it's not speculative.

Analyst: Yes.

P. S. Reddy: It will not be so much. The only thing, the advantage for those people who trade the spot exchange with us then any other thing is, we have a futures and the margins can be given.

Analyst: Correct.

P. S. Reddy: And there is no interoperability at this point in time.

Analyst: Yes. Mr. Reddy when we look at the mix of clients, trading members that we have you know, you talked about, that arbitrage funds have become our 55%, 56% of the overall volumes being traded at our exchange. From a profitability perspective, is there a difference in profitability across these players and the way you look at from a long-term perspective. And secondly, when you look at, in futures and options more importantly, do you see there is a meaningful difference in profitability margin or it is very similar in your view, when you try to look at, it's stuck with a bit of fixed costs between futures and options, but in whichever way you look at the business is the difference in margins throughout these two products.

P. S. Reddy: I see, for me it is just create a one, one line of, what you call, the product creation, I then leave it to the market to crack it. Now, if there is any incremental cost associated with both of them I can understand there will be somewhat is the profit margin.

Analyst: Yes.

P. S. Reddy: For me it doesn't matter.

Analyst: There's no extra sales efforts?

P. S. Reddy: Absolutely nothing, nothing extra. I want to increase my business development team. There is no increasing the product management team, however our numbers remained flat over 350, 360 whatever is the HR... nothing has gone up. It is just that the peak margin in crude oil, has driven away the people from the futures contract to the options contract, and then they found favor, and the many of them are playing in equities anyway, and now they got the lengthy rows, then they started.

DG Praveen: One thing what we have done is, the moment we found the opportunity in the options, when we started levying the transaction charges at the right time, second we have substantially scaled up the awareness programs in the options, that means we have participant so far they have been trading in futures. We want, intend to push that education among the customers. So that they can also start looking in the options also equally. That way we...

P. S. Reddy: And we keep asking the brokers, in the morning calls to the customers, please talk about commodities also and other equities. Please talk about options in addition to the futures, all these kinds of things does help. You listen 10 days and then 11th day you will start trading.

Analyst: True. Mr. Reddy, I saw one, we spoke about the fact that the technology platform from TCS has been delayed by maybe a month or two months. And, I saw that there was a press article that SEBI has asked you some questions or given you some advice. Just wanted to understand that a little bit better.

P. S. Reddy:

See, in fact everybody knows in 2020 that we have entered into a contract with TCS, and the 63 Moons contract is coming to an end in September 22. Okay, so as per the agreement, we could not have released the RFP earlier than October 20. So we released it and then signed up in January or February, with TCS. So, we are doing so much, window for development. So, we were to go live sometime in July as we thought we would, as initially planned, that's got delayed, now the deliveries are yet to come, some deliveries are yet to come in, they are coming but there's a bugs that, we've launched mock also for some of the modules that are already running. And we wanted to start a full-fledged mock also. So we are expecting to be there in the next one or two months' time, the complete mock and all issues. So, thereafter, we will gauge the requirement of I mean when we can go live depending on the number of bugs that will come and how fast they will fix it, et cetera. But yes, there is a there's a concern out here, but we are have informed SEBI also, again we have approached 63 Moons also, for giving us some extension. So the discussions are on and we also plan B, plan C and in the call also, I have been mentioning it. So, alternative plans also we are having it, but I must say this, in the last three years ever since I joined I've never seen system going down even once, okay. There may be some problems, some broker is not able to upload some file and all that. And some maybe work around, maybe there to fix those problems. But I've never seen system going down and we have got a perpetual license, we have paid for it. So we can use it. The only question is, in the event of not being able to support, in the event of system is not supporting but if you go as solo, would you face any risk. So, we need to take some risk mitigation measures, don't really make any religious dumps of fixes, patch uploads and other thing. And don't do any developments, further developments, all that kind of, obviously we can't do that. So, run the system as is, varies bases. That's the way it is, we have to do, maybe some vendor gives some support, we will go for that.

Analyst:

One last question from my side, when this implementation or piece of bid is over, you know, do you expect the dividend payout ratio for to increase over time, because you know I think we had of course a lot of cash for this.

- P. S. Reddy:** No, dividend payout ratio is flowing from the policy, earlier we had a 90% dividend payout ratio to be given and now it was reduced to 75, so policy has changed it to 90% then we will, whatever it earned then, we will pay out 90%. So it is more to do with the policy then then CAPEX.
- Management:** CAPEX.
- Analyst:** The policy is determined by the board?
- P. S. Reddy:** By the board, yes. So, sometime last year or the year before last...
- Satyajeet Bolar:** Year before last.
- P. S. Reddy:** Year before last year it was reduced to 75.
- Analyst:** I'm assuming it was done with the intention of, you knew that, and the board knew that the 63 Moons contract will come up for renewal and its probably better use of capital to buy the technology, it also de-risk the business and so on right?
- P. S. Reddy:** We may not buy it, obviously we will not be able to do that okay, but we will need to seek some extension of their services.
- Analyst:** No, sir my point was that, it seems like the board reduced the payout ratio, because you anticipated a large technology purchase?
- P. S. Reddy:** You mean to say that time, at that point when the RFP was made.
- Analyst:** Yes. So, now that the, hopefully the technology.
- P. S. Reddy:** Already the piece is getting fixed. So we can look at it, we will re-look at it.
- Analyst:** I mean sir as investor one key thing we look for is capital efficiency and I was talking to Satyajeet about that as well. We understand why the exchange kept the amount of free cash on the balance sheet as you have in the past. Now that, or pretty soon the purchase will be behind us then, if you look at other exchanges globally, they pay out close to 90% of their retained earnings every

year. I think if the MCX were to consider that, I think it will be looked at favorably by shareholders. That's just one request with me.

P. S. Reddy: No, we take your feedback, in fact you are valued customer or the value shareholder for me, I have been seeing your name for the last two years... and stay invested, we will definitely consider whatever suggestions were, definitely.

Analyst: Okay, sir. Thanks a lot.

P. S. Reddy: What else. All done?

Analyst: Yes.