

MCX/SEC/2157

November 19, 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:

<b>Sr. No</b>	<b>Investor/Analysts</b>	<b>Date</b>	<b>Time</b>	<b>Annexure</b>
1.	Quantum AMC	November 11, 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Further, we hereby confirm that no unpublished price sensitive information was shared/discussed during the said meeting.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 of India Limited”

Meeting with Quantum AMC

November 11, 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.



*Multi Commodity Exchange of India  
November 11, 2022*



**MANAGEMENT:**     **MR. SATYAJEET BOLAR – CHIEF FINANCIAL OFFICER, MULTI COMMODITY EXCHANGE**  
                              **MR. DG. PRAVEEN – CHIEF RISK OFFICER, MULTI COMMODITY EXCHANGE**

**Participant:** .... We are a largely long-term, three years, four years' time frame. We do basically our own research and own everything.... so this was well covered by the previous analysts, long time back, he left... This was always on the radar but, somehow....

**Participant:** The questions will not be like what happened this quarter and what happened in the last quarter.

**Participant:** We want to understand the business... and how you see things... and so on...

**Praveen DG:** You have gone through our website, transcripts?

**Participant:** Yes, but if you could just give me a brief background as to how the exchange operates, who are the clients, how they come to the exchange, how the transaction happens, just to get a feel...

**Praveen DG:** Like any other Stock Exchange... You will have a set of members who have to get registered with the Exchange, because any trade or any one wanted to trade, they have to come through these members only. So clients will get registered with the members and members through that, whatever is the connectivity through which they will connect to the Exchange system... So it not that the Client can directly come and trade, it is through the registered trading members.

**Participant:** So are these registered trading members essentially bank broking subsidiaries?

**Praveen DG:** Not necessarily... it will be one part of it. You will have different category of members. It is like a proprietary... Or Zerodha kind of, retail brokerages, or food service brokerages, all types of brokers are there. The majority of the people who are already the members of NSE and BSE, they are also members of our exchange.

**Participant:** So now, if the client wants to place an order, if he wants to enter the futures contract, so basically, he will come, I mean, the client will go to the registered member to which he is dealing with and he will ask for the...?

**Praveen DG:** It can be in electronic mode or it can be the traditional way of calling and all, that is one way, now you have different ways to put orders... different member is giving the different connectivity, so through that you can able to put out this orders.

**Participant:** So then how does that settlement work? What is it like, T+2, what...?

**Praveen DG:** So in commodity, it is like T+1, basically any mark-to-market happens and the T+1 this is... and we do not have any spot platform, it is only derivatives which are getting traded. Derivatives means futures and options. Options are all whatever is today getting traded are option on futures. Here there is a difference from what you see in the equity market because there everything is connected to the cash market, but here it is like they devolve in to that, like if at all somebody exercise an option, it devolves into the futures... So then if at all they want to exit, they can exit it, like any other mechanism, like going on counter position in the futures contract or you may end up taking up delivery of that...

**Participant:** what percentage of client are hedging

**Praveen DG:** See if you look at open interest, there is a significant percentage is hedging, again depends on commodity to commodity, commodities like gold, metals... it ranges from anywhere between 20 to 35... So these data we publish on the website, so these are all readily available, we do it on a daily basis.

**Participant:** The remaining maybe arbitrageurs, speculators...

- Praveen DG:** You can say speculators, arbitrageurs, algo players, all kinds of...
- Participant:** And sir now on the presentation, liquid that is now 54% how does that work for your algo...
- Praveen DG:** Algos are even quite popular in Equity market... and these are all markets come in almost 14 hours 15 hours trading time you may not expect somebody manually filled the orders... So you will have counter person... So that, if the retailer suppose he wanted to trade, there should be some order should have already been sitting there otherwise we will not have trade... and then give some more products so if whenever the US market if they open up you see a lot of activity have been getting into this. So in total last year that so 11.30 or 11.55 depending upon the US daylight saving time. Almost midnight.
- Participant:** Opening hours
- Praveen DG:** 9.
- Participant:** And in terms of fees, we charge differently for the algo traders or...
- Praveen DG:** We won't differentiate. It is a slab-wise structure. So, we look at the daily average, and based on that one we put that in an incremental slab. It is like a tax-structure... The slab we are charging is upto 350 crore it is Rs. 260 and lower it is Rs. 175 per crore, value of turnover.
- Participant:** About Rs 350 crore, it is Rs 175 per crore.
- Praveen DG:** Whatever we publish, single sided turnover and you have to multiply it.
- Participant:** Okay both the legs, and options I think recently you have started charging.
- Praveen DG:** Yes, we started last year only from October.

- Participant:** Yes, so your price that was fixed.
- Praveen DG:** All options contracts are charged.
- Participant:** And what is the fee structure be in case of options.
- Praveen DG:** There also it is a two slab structure. Upto 5 Crores if I am not wrong, it is Rs. 50.
- Participant:** So 5 Crores for each slab.
- Praveen DG:** And this is on the premium...
- Participant:** When it comes in the future, there it comes to 370 or 150... or what we might have to get...
- Praveen DG:** No, it is all about when you get into a future position, then automatically whatever fees you have to pay, you pay it.
- Participant:** You said that the turnover of 350, 1 Crore per quarter and 125 more Crores, so he exercises the option... so does he have to pay another 175 or anything else...
- Praveen DG:** No, it is only because it is like automatically going to get devolved, you will not be charged for the second time... so the same that I mean to say that because what I think the people are improving, the day today trend. It is not like every day the provisions are going now about trading, only the positions which are taken, they get devolved.
- Participant:** So the account of future production this is another increase they are having the kind, so how is this translate on switches to office switches and how to help us if you could throw some thoughts on that. Let us put it that way there was stickiness we are trying to increase I know the volume

will have increased but it has taken a transit from make those clients or provisions we are in particularly, you could see the dip happened in the future but in all happened after the imposition of the peak margin we put and a lot produce, this like in that ... that not anything being in the equity market also where it give us ....

**Participant:** So you have to report the peak margin.

**Praveen DG:** The numbers is supposing if you report the exchanges that we have incurred raising that how much margins that was received I think you have given point out and beyond so the exchange will no cut what is the positions you are having at that time so we look at and we have seen it whether sufficient margins have been collected by the members. The objective of these particular regulation and which is still there number upfront our margins on earlier one in the day, is some of the numbers there you see the numbers dividend to do what we usually to take it they use it to fund the clients... will be there they use it but with this condition you will be reporting system coming in place even that is not fall there this happened at least for several moths I think they does it in the progressive manner the phases during quarter that makes all happened last year it happened. Now it is completing now if you like initially the thing that at least up to 25% then 50% down 25% so today it is like you have it on place that means they have taken a position and have sufficient margins... It really impacted contracts where the margins are higher and people tend to move towards options especially certain category of people who were earlier, maybe wanted to have some margin benefit will keep changing especially if you look at the commodities market it is generally doing now that ... bringing these particular framework you may start receiving higher margin drop and may things could come it is at the smaller rating and things find very difficult to address to that kind of it so those people they find auctions with their ... instrument because I can just take framework



bringing ... I have to worry about what kind of margins has come. So we do see if that is come amount of people started trading in option and do it but the drop whatever we could see in the future it is not turn them compared to the options growth that we may get see then they are getting that pricing was I think another product were like this mid agency and stabilize their model 100%. I did not say that it is somehow to really complemented and debtor seeing hiccups but having these somehow we have a guidance product basket like in future as well as on options. Earlier I think we were restricted on the future but today you have a rider thing you have a call on through all and all you see a good pipeline you have the margins started to be on a higher side if you could see that good volumes happening with that options as such. Again we get better opportunity product.

**Praveen DG:** But I suppose to get a little bit into this future and then often future then all this we can add on that side

**Participant:** Today if you see all on the futures and options only what we can do is we can add new commodities, you can add new commodities and the index, more is serving the index, so you can work out on more commodities and anyway that is the products can be looked at and what you say corporate issues that is foreign sector options, all the commodity will flock in this.

**Participant:** No, I mean to say that times comes in the option you have all and put them, so if you look at whether you have options on all commodity clearly no we have majority of the contracts because they are all from transition today, also made by the regulator, that you cannot have option on futures and you have the future's commodities issue added to it. So on this petition on the commodity option we have three years back and how many are they retained but...

**Praveen DG:** We are being able to tell that and say that even though it was launched increase was not there because of more comfort of thing but now we are going to be able to launch options on commodity events earlier then we started the option we came out with the only gold 1 kg option, but today I have more in the options on gold mini, similarly we have launched silver option, silver mini options so the number of contracts have increased.

**Participant:** I just wanted to ask this thing on option to do the margin at one check.

**Praveen DG:** Generally it depends upon your portfolio position.

**Participant:** So my question is, I was thinking, as you are seeing the options how do you create liquidity? So we went from 1 kg the 500 to 1/2 kg to 1 kg or whatever you go down and we just get the liquidity as we go... so how does it work... also this R&D expense, how do you get the liquidity in the market.

**Praveen DG:** See in India is at least a longer section of trading community now trade options. We do more than 1500 awareness programs. At least one or two daily across India. Still we are seeing it would take time, for options especially after we seeing some pickup in the options we started much more focus on options.

If you have growth in options and growth only in options, generally also it is very low. It is really options, at any point it can even down across the future the trend will go up, in equity market that is what we have that is the only reason... so here if you can really come by whole to seeing those stock options whether some orders getting more things like that.

**Participant:** See now on realizations which is better futures or options...

**Praveen DG:** Generally, realization in options will be lesser than future.

**Participant:** Realizations seeing 1 Crore of trading happens there is a 1 Crore of ... see but reality is that there could be a possibility with the volume it is more of the volume driven more volumes ... even realization it could be lesser but it may come out with the greater volume in option... the transaction cost which is applicable on options it is comparatively go ahead as comparatively ....

**Praveen DG:** And we will see more for future and we see that these products complement each other across.

**Participant:** So do you see company that going up and take the position or take calls and something like that.

**Praveen DG:** See earlier some of the oil companies used to trade. But today because the government sector companies will find it...

In hedging would they have to do both in spot market as well as futures markets, but today unfortunately the entire industry is not prepared to look at because... we look at as loss but literally it is not a loss it is like an equal, balanced between derivatives market and in the physical market. That is not how people should look at it. SEBI also come out with initiatives came that all the listed companies now they are supposed to make disclosures about what kind of commodity risk they have and their hedging policy.

**Participant:** But you have more refinery companies here or do you think early we will have producer community there.

**Praveen DG:** There are few in oil sector and we do not see any of these people. They find globally markets much cheaper. But if you take our gold industry, as per the RBI regulations, they cannot trade overseas. They have to hedge in Indian market. In India it is not mandatory for other commodities.

**Participant:** So in terms of revenue mix major part come through in that treasury most of them if we get it will be less than the trend. So the last five years' transaction fee as a percentage, you can tell that it will come down which is the realization, in future has come in. What is the reason for this in that and say, I mean they grow in volume, we have two different... one is about 350 Crores and the other...

**Participant:** So they are moving on...

**Praveen DG:** Really even if we go trials even...

**Participant:** So going ahead we expect like right now they are at 3.55 per lakh?

**Praveen DG:** However, this is like increases to 2.07.

**Participant:** That is something that is just total value growth and that will work options in the future timeframe?

**Praveen DG:** No, option realization has been different...

**Participant:** That is what as annuals, how do I get...

**Praveen DG:** Options, anywhere between 40 to 50 roughly.

**Participant:** 40 to 50 lakh of premium turnover? And but in case of future is it like up to 350 Crores to 60 plus or a 12 lakh?

**Praveen DG:** ...in lakh also you can say it has two slabs.

**Participant:** Correct. So majorly because we are moving ahead...

**Praveen DG:** Though we have the difference...

**Participant:** Yes, I will give it separately.

**Praveen DG:** Otherwise the realization we want we have seen it last time also it was 2.07 only.

**Participant:** I think the 2.15 it is something in your presentation there and...

**Praveen DG:** Old very old one.

**Participant:** So assets come off because...? So do we see this even more coming down? It is obviously now traders which is... one thing is right it is a good observation but we are looking at the turnover especially for future this is now I agreed it is good enough for us and if we look historically I mean see it has been a fall to 1.83, 1.85.

**Participant:** And consolidation in terms of...

**Participant:** Net... now it is more diversified. Ideally, we tell the top ten traders who contribute 10% and that has increased... so is there a risk, in a way.

**Praveen DG:** We do not see it because that is in your futures turnover that also you have to consider options... what we all interested in because it is not about... there is now integration... there are not too many institutes which is like earlier there is going to retain and this is the commodity segment, any of the compliance keep go, so that means you have other compliance also on this numbers in general, not the media... now that they have used for person... rather than we can trade...

**Participant:** No, it is not, so it is more largely it is a responsibility of the trade in general, that is how we operate things, we have made it much more... it used to our trading, so it is like more or less?

**Participant:** When you compared to the top line, so we have while you said options on the futures, we cannot receive one, that is captured... now we have

number of trades have increased, that the number of commodities, also we are what we are, we cannot increase that...

**Praveen DG:** We can increase that is what we are looking for. Even we have come up with index option many other things which we can come at but do not expect that everything will be rolled, it would not happen because we also launch it and see that other products can be done.

**Praveen DG:** And I am going to see that what else can be done, so there are options which can come so we will be competing ... and all that. We have an agreement with IEX to come up with electricity derivatives based on that.

**Participant:** Okay got it. The electricity derivatives are expected to come in December that is what we have said.

**Participant:** NSE will come out with this... spot market.

**Praveen DG:** They have not got approvals.

**Praveen DG:** Almost with the regulations.

**Participant:** So .... are still not out. Who do you see the fair level revenue will be...? I am not talking about the global, who do you think.

**Participant:** On the electricity. One can see that the overall trends that IEX you can say the generators, distributors and other people go like this. They have also been...

**Praveen DG:** And it is a bit of trend they will go to IEX for filing market or the spot market and they will come here also.

**Participant:** There is it not.... It is the requirement?

**Praveen DG:** Spot market.

- Participant:** It is basically that we ... 20%.
- Praveen DG:** It is only for... Once you want to hedge yourself for a year or whatever the period one month. The next month you want to hedge yourself which for any unknown reasons can take the prices up or down so you want to protect against so our price risk management you have to comfort derivative but immediate coverage and other things you have to go for commodity markets.
- Participant:** Clearly for this it will be same.
- Praveen DG:** Whoever trade members like they think their numbers can also can look at taking in or somebody, their participants can credit through all the investing matters.
- Participant:** You can account for expenses, so what are the major expenses for you and what portion of the expense are fixed in nature. Do we have some kind of operating leverage working for the company?
- Satyajeet Bolar:** Like any others, some of the expense and employee cost and the other would be the administrative and the third will be the technology correct. The thing now is our technology growth so presently on the technology cost present at least in September we with the existing vendor there was a fixed component and a variable component that is till September 2022.
- Participant:** So that was till September 2022 now a new CDP will get sort of implemented?
- Praveen DG:** It will be sometime in December so we have tied up with TCS so they develop the platform. Then this will have to...

- Participant:** If you are talking about more other core developments, TCS will come and do it. We are talking about what seems like what if I take that chunk out so what portion of cost will it take to fix that?
- Praveen DG:** It is around pre COVID and now it is around 315 which was may be around 310 to 315. Now it is around 315.
- Participant:** So he feels that 30 people and we are talking about increased...
- Praveen DG:** I understand because technology was not going up. There will be requirement...
- Participant:** Let us put this and ... understand at that turnover, can I still with 30 addition I can still manage that. It is not the mission but how far can I go with that 750 kV.
- Praveen DG:** Typically, I am saying on the exchange there are times that we have done even Rs.1 lakh Crores turnover in this, in bidding so you can do the same amount of thing also it does not matter.
- Satyajeet Bolar:** The manpower requirement would not be a big issue here. You have made some senior hires especially on the technology side.
- Praveen DG:** On the technology side because of the need...
- Satyajeet Bolar:** So going ahead that manpower requirement as such would not be there.
- Praveen DG:** Once migration and other things you do not require that many.
- Participant:** Do you have any ESOP plan right now?
- Praveen DG:** There current regulation does not permit ESOPs for....



- Participant:** SEBI regulation does not permit ESOP for that okay, so there is no ESOP plan as such.
- Praveen DG:** For instance, we have two sides like we come under companies' act being a listed company and also SEBI regulations.
- Participant:** Alright so employee cost more or less should go around with how the inflation is going up so major is the Tech cost so I want to understand that also mean what is the kind of maintenance capex that you need to do to keep the platforms running and to keep them bug free so is that substantial chunk that lead to that. Every five years there is going to be some kind of...
- Satyajeet Bolar:** Now MCX is holding the mock on the TCS platform, so one of the platform and then on the operating systems for the platform and now you are aware that all IT companies and all from the perpetual models... it is the subscription based models so they will ... for that and then you will have to maintain the system right so those costs will be there.
- Participant:** Okay that is really substantial chunk like but can you sustain and launch new products you are saying. You will be going to electricity futures in future so does that platform need to be upgraded every time you come in the new...
- Praveen DG:** Unless you go for a major structurally different product, like if I come out and we have been launching contracts, you will not require a different system. If you feel totally a different type of product... then this.
- Participant:** Then the options on future and...
- Praveen DG:** In the existing model immediately I do not foresee anything unless we do differently later.

- Participant:** On this side this change over to these things this is not... but do you see any like when you change over do you foresee a risk that the key issue that you might not for the one month?
- Praveen DG:** That is having the...
- Participant:** How long has it been...
- Praveen DG:** It has just started.
- Participant:** Do you have any backups or ...something like that by chance these you have excluded? I am not asking specifically?
- Participant:** Just on that impairment which you took in FY2022 of Rs.204 million that is some software or some platform which was to get committed but there was some leeway's and then you had taken what was that?
- Satyajeet Bolar:** ...decided to just going for a spot platform. The existing platform is the derivative that come for a spot ... so we had entered into agreement with a London based company.
- Participant:** That did not work out. They did not deliver.
- Satyajeet Bolar:** Finally they delivered but obviously it is not up to our expectations. It went into ligation. Then we went to do it for the application so we got the source for whatever we had to get we got and as and when they have delivered it.
- Participant:** Okay but it is an impairment ...
- Satyajeet Bolar:** Our plan is that since we have the source code as and when we have to use it for any other spot product, so we can use it.
- Participant:** Trying to come out the gold spot exchange?...

- Satyajeet Bolar:** We want to... using it for gold... but may be for coal or whatever...
- Participant:** But it can be used.
- Satyajeet Bolar:** So if it can be used then you use it. Someone said you will have to bring it back.
- Praveen DG:** Okay so right now it is on the back burner but it can always be used. It is not like completely gone.
- Satyajeet Bolar:** No it is not written off. That is why I have said it is impaired.
- Participant:** Okay got it.
- Participant:** When you are ... the economics of the pieces is there. You can look at it.
- Participant:** So we have not given the commercial profit because we have a binding agreement with TCS so the commercial part of it is not ...
- Participant:** It is good. Is it more capable or it is just ...
- Satyajeet Bolar:** I think this level of turnover, as I was trying to explain till September we were paying a variable on our turnover and we expect turnovers to improve so we will not be paying any variable component on the low PCL right. There is nothing so whatever incremental we earn it will go to our bottom line.
- Participant:** So operating leverage you operate with this. You are trying to make a ... and the pieces will also ...
- Satyajeet Bolar:** We already have an arrangement with them that the AMC is fixed for 1+5 years.
- Participant:** Okay.

- Satyajeet Bolar:** So that cost will get amortized whatever the platform disbursement of the platform will get amortized. This is buying sell over that will get depreciated in our operating systems which we are now ... and then once it goes live in the first year we have a warranty ... feedback to the P&L. From the first ... like five to 10 ...
- Participant:** The cost right now what most ... that cost right now for Q2 from the software now?
- Satyajeet Bolar:** So presently it will be a fixed component and then on the soft drawn ... is a vendor is 10.3 of our ...
- Participant:** ... of variable.
- Satyajeet Bolar:** Of variable ... of our transactions.
- Participant:** 10.3% of the transaction charges which pays us as variable component?
- Satyajeet Bolar:** You may not get the ... that figure because we in turn if we are looking at a standalone look at the consolidated you will get a fair idea because if you look at the standalone we recover some part of it from ...
- Participant:** Sure so if you look at it from the annual and you look the consolidated you will get a better idea.
- Satyajeet Bolar:** That transaction charges will be for both options and futures okay so that variable will go away straight away whatever incremental will flow in that and that is the operating leverage then that you get and the ... platform which will come which you are saying by December it should get into the ... how does that improve your functioning. Does that improve the speed or basically it is being launched to introduce new products which you are saying ...

- Participant:** So once it stabilizes then we will launch in ...
- Participant:** So that does not speed up anything. Dose that translate into better efficiencies and better ... so suppose worse ...
- Satyajeet Bolar:** The first will be basic then keep exploring with ...
- Participant:** And basically TCS will also give you environment ...
- Participant:** They are going to support it. You have an AMC nothing so any ... creeps up or anything that will booked into it so okay. I will looking at the operating margins when I try compare it with Indian energy ... they are having very good margins so what is the ...
- Praveen DG:** ... it is their market and it is an auction based.
- Participant:** Yes it is an auction based.
- Praveen DG:** For us it is a continuous market.
- Participant:** From 9 to 12.
- Praveen DG:** So ... is not coming to that one.
- Participant:** They do the options and ... In real time ... are getting included and ...
- Praveen DG:** Another thing is that we are regulated by SEBI. We have surveillance ... everything and everything we have.
- Participant:** If we launch more product you volume will increase your operation ... is a very good component so automatically it should go.
- Participant:** Okay now mutual funds are also allowed to participate in the commodities there so do you see some traction coming from there.

**Praveen DG:** As of now it is very limited because even regulator has not allowed full scale. There are certain things which really not make them to do in rapid manner ... AMFI are now planning to come out with a separate committee for the commodities who can represent to SEBI. I mean also counts the even the regulator stopped relaxing such thing ...

**Participant:** What about EGR.

**Praveen DG:** EGR is spot which BSE has started.

**Participant:** Okay so how is the traction over there?

**Praveen DG:** There is challenge in relation to GST.

**Participant:** In EGR?

**Praveen DG:** Because it is not clear like how the seller GST credit. So because of that it is not performing. So that kind of regulatory things you can settle down but we are not in hurry our focus is on CDP right now so once as things move on then we can look at that.

**Participants:** What are the supports do you see lacking in Indian company to the foreign business.

**Praveen DG:** Like as you know cost wise they are comparatively better compared to the Indian market.

**Participant:** Okay that is an advantage that they way that they can operate to the plan.

**Praveen DG:** Margins is also very quite less in global market.

**Participant:** Margins are less okay that is why that is before the demand.

- Praveen DG:** It is significant as compared to the previous margins. Margins in our case maybe we have to a higher margins because there is some SGF related aspect of that sitting ... once you infuse any capital into the SGF you cannot be able to take it out.
- Participant:** Members also has to contribute to the margins.
- Praveen DG:** Presently members are not contributing. Presently SEBI has said that could take from members as no exchange is taking from members so obviously they are also not taking so scaling operation...
- Participant:** So 50, 50 exactly.
- Praveen DG:** No 75, 25 and then ... such as that amount comes from funds and territory that we charge ...
- Participant:** Is that definite in the amount next year so this SGF you invest that in money market.
- Satyajeet Bolar:** It falls in the clearing corporation so they invest as per SEBI guidance.
- Participant:** So that keeps on adding. So it is a money market instrument and government security.
- Satyajeet Bolar:** FDs and mutual fund scheme.
- Praveen DG:** We have made our request to the SEBI, not only we but all the Exchanges. That means as and when you require higher SGF we are ready to increase it provided you are allowed to take it back.
- Participant:** Also SGF calculated besides what should be the SGF.

- Praveen DG:** There is a ... there is some tradition like 50% ... based on historical level 15 years we see price movement so what will happen in future or what should be yours
- Participant:** This is reset every year or how.
- Satyajeet Bolar:** Every month. So you will need that minimum. There is a subset in the SGF known as minimum required **corpus**.
- Praveen DG:** So as you keep it there I think there is a possibility that you can able to bring down your margins down in future contract because some of the margins that we are charging in crude oil is on account of SGF. Let us say you do not want to infuse in SGF rather we are increasing our margins so that automatically the SGF requirement become lower.
- Participant:** Okay because you are not expecting any contribution of the members so margin appears but even in that context the turnover.
- Praveen DG:** Turnover, leverage is coming.
- Participant:** Okay, but if that two way is allowed then maybe there is a chance that you can lower the margins.
- Praveen DG:** I assume that SEBI take it up with their risk management committee and it will be looked at.
- Participant:** As per your dividend policy you would say that 75% would be faired ... and also there is a change in your investment policy previously it was like most of it invested in either the short term and ..
- Participant:** So the company is trying to retail that now obviously the stress and the ... so we have moved to take down in security and we have changed the policy in the sense that we have decided that we will account it under ...



- Participant:** So will that affect the return IT on ..
- Satyajeet Bolar:** I mean today the rates are down.
- Participant:** How will it cost to become member... how much they will cost you.
- Satyajeet Bolar:** You give trading number, trading complaint number or where things are depends upon your networth criteria. You will have some of the obligation fee, processing fee, all details we have provided on our website.
- Basically the result of processing will be .. fee and also you will have to keep base minimum capital, base capital.
- Participant:** That is how much it will be the cost ... so how much will it cost.
- Satyajeet Bolar:** No I understand so there will be an admission fee maybe ... would be around 10 lakhs and then you have your base minimum capital and you have to get registration from SEBI in addition to it.
- Praveen DG:** Liquid networth you need. Then base minimum capital. Some of it is refundable part to you but you would not be getting any exposure. You are supposed to clearing corporation of that exchange to become a trading member.
- So what is moving so what ... the only thing with variations happening and we need to know if I have to enter what do I think like a normal guy who wants to do all this that is why I was asking.
- Participant:** So few questions... so in terms of the attrition rate what is the attrition like. We have seen during the pandemic a lot of attritions happening in all IT sectors.

- Satyajeet Bolar:** Pandemic we did have 7%.
- Participant:** 7% is the attrition rate so there is no such issue as of now okay then during the pandemic it must have gone up.
- Satyajeet Bolar:** Because lot of people left...
- Participant:** Now what is the mode which your company enjoys. With strength what would you call as your strengths.
- Praveen DG:** We have more than 95% of market share. Any positive developments happen in the commodity space and immediately can be enjoyed by us.
- Participant:** Yes it is something to do with that what was the traction over there.
- Praveen DG:** Currently we are not owning the ... so basically again whenever they wanted to they are very cautious but we have been thinking about very recently. We had to come with the regulations and other thing but our focus is still on CDP so we are just going slow on that.
- Participant:** And what according to you are the challenges as a company that you face going ahead.
- Praveen DG:** Now the main thing is our focus is on CDP that is one thing and other we do not see competition as a major threat or something now because we still have large market share and unless if some of the regulatory things come as a surprise.
- Participant:** So .... is something which you feel.
- Praveen DG:** ...like suddenly things like peak margin and other things but very indirectly it has push up our options turnover.
- Participant:** But some ... that happens.

- Praveen DG:** Yes definitely that can add to the advantage.
- Participant:** We have other things ... so that is what events like negative price.
- Participant:** But what is negative price line. I mean negative in the sense. Okay so when the prices goes through the roof we actually.
- Participant:** Not only that we had to make changes in our software also to take care of negative price.
- Praveen DG:** See turnover will not impact on that particular price.
- Participant:** During the impact you will see more volatility and more ... later on impact will happen because of that kind of negative impact. Even today we are facing a problem what ... so these are key parking norms ... on the margins is around 30% then there is a previous spending margin and also we will impose so which can be ... and the margins will go to 55% so it can impact and is kind of unprecedented events can happen but once where it could have a longer duration impact.
- Satyajeet Bolar:** And till that event we were getting lot of traction from the energy sector so you see in June 2020 and the first quarter COVID and we were struggling to break in through be profitable.
- Participant:** It all coincided with the COVID also.
- Praveen DG:** That was by quarter four.
- Participant:** Benefiting means till I am telling you the margins happened to be like I said still we are suffering from that which otherwise in the normal circumstances we would have reached much more and because we had ... as a product lying in our basket ... so that helped us ... very volatile in nature.

- Praveen DG:** Mainly we have six months when we do the ...
- Participant:** It was very helpful.
- Satyajeet Bolar:** Thank you.
- Participant:** It was really to great see you.
- Satyajeet Bolar:** We are regulated by SEBI okay that is the reason but even if you compare it with NSE and all I think margins are a bit lower. If you are looking at the ... you divide everything by that turnover. NSE is NSE ...is it.
- Participant:** What you mean since your operating in such a long time and you will have to have a surveillance team in place that is basically all the tech cost are very high.
- Satyajeet Bolar:** The tech cost is also high.
- Participant:** .. segments you will diversify ..operational margins.
- Satyajeet Bolar:** To increase your turnover, your revenue and costs fall in line is it not.
- Participant:** We are all in... we are only in the commodity.
- Satyajeet Bolar:** The NSE is in to cash, futures and currency. They have their own listing fees and all the other fees they have we cannot and data fees that is why I am saying.