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BSE Limited
Department of Corporate Services
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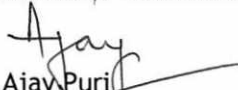
Dear Sir,

Please find enclosed herewith transcript of the conference call with investors/analysts held on January 30, 2020 at 7.00 p.m. IST, on Q3 FY2020 results.

Kindly take the same on record and acknowledge receipt.

Thanking you,

Yours faithfully,
For Multi Commodity Exchange of India Limited


Ajay Puri
Company Secretary



“Multi Commodity Exchange of India Limited Q3 FY2020 Earnings Conference Call”

January 30, 2020



MANAGEMENT: **MR. P. S. REDDY - MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER - MULTI COMMODITY EXCHANGE OF INDIA LIMITED**
MR. SATYAJEET BOLAR - INTERIM CHIEF FINANCIAL OFFICER- MULTI COMMODITY EXCHANGE OF INDIA LIMITED
MR. AJAY PURI - COMPANY SECRETARY AND COMPLIANCE OFFICER - MULTI COMMODITY EXCHANGE OF INDIA LIMITED
MR. PRAVEEN DG - INVESTOR RELATIONS - MULTI COMMODITY EXCHANGE OF INDIA LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to the Multi Commodity Exchange of India Limited Q3 FY2020 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. P.S. Reddy, Managing Director & Chief Executive Officer. Thank you and over to you, Sir!

P. S. Reddy: Thank you. I welcome you to this Q3 call. With me Mr. Bolar, who looks after as Interim CFO looks after the finance and account, and we have the Company Secretary, Mr. Ajay Puri and Compliance Officer, and we have Mr. Praveen DG, who looks after the Investor Relations.

The numbers you must have already downloaded from the BSE website. We also put it on our website. I will just give you how we have travelled this quarter in terms of business numbers.

If you look at our average daily turnover, the average daily turnover is 31,336 Crores, as against the corresponding quarter of the last 27,037 Crores. Now, this big jump has taken place but as compared to the second quarter where the ADT was 34,526 Crores. As such the average daily turnover has come down and that is the reason why you would see our revenues have taken about a 10% dip as compared to the last quarter, but as compared to the corresponding quarter, last year, obviously there is a jump in it.

Similarly, if you see the number of trading days, the number of trading days are 64 in this quarter as against 65 in the last quarter as against the corresponding period in the last year it was 63 days. So even the number of trading days also impact, one day loss means almost all about 30,000 plus Crores is lost, which means again if you calculate about two-sided turnover for which we charge because our charges are about Rs.250 or

Rs.200 if you take it per Crores, so much revenue is lost and so much ADT is lost.

Similarly the half days are also there and half day, it is not full trade trading sessions, there are three last time and this time and there we had clocked average daily turnover of 19,150 Crores in the last quarter and in the current quarter it is about 17,828 Crores. Coupled with this our prices are to some extent especially the crude prices are linked in CME and if there are more holidays because of Christmas or otherwise, U.S. markets are closed then that will also impact even if we are working on those days.

Of course, there are a very few days of that kind, but nonetheless it impacted us. Otherwise the good trend that is happening is we are adding or activating a decent number of unique client codes. So, they are trading actively and we are getting almost all, 25% additional turnover contributed by the new clients, or activated clients. When I say new clients who have traded in the current year, they could have been registered last year or there could be absolutely new to the system. So, they may register only this time.

That is something which is happening and we are very happy that growth is making us work more harder in that area and we will be doing that in any case. With regard to the numbers, Mr. Bolar will speak before that I want to tell you a few developments that have taken place in this area. The decisions that we have taken is when we want to start our own brand building. Currently when it comes to metals, only the LME brands have improved. We are seeing in addition to LME brands, if there are domestic brands without compromising on the chemistry of the metal, if we are able to introduce them probably we will be increasing the scope of domestic players also to come on to platform. So, we will be starting with lead and particular process is on and once we admit them we will probably we will issue any circular informing them that which contract month it will be accepted as deliverable quantity and we will be doing it in other metals as well. This is one.

Second one is the government has recently come out with Indian Good Deliverable standard for domestic gold. As of now as you know that only LBMA approved metals are deliverable on our gold or silver for that matter is deliverable all over platform and in the coming months, we will also be admitting domestic refiners who meets certain networth criteria who will be able to give certain bank guarantees, these metals refined in their refineries, gold and silver, we will be accepting them as a deliverable. Again chemistry is not compromised and there will be a negative tolerance for any kind of metals being there in that particular bracket, which is acceptable. That is the way we are looking at it.

Apart from it, yes, the cotton contracts although the cotton season has started late because of the prolonged rains and prolonged monsoons, there is lot of not good quality cotton was coming into our way and now in the month of January we have seen a very good pickup, almost 1.5 lakh bales are in the godown and almost 2 lakh bales are already OI has been created in the exchange. We have also filed for index futures with SEBI in the last month and while we have done the filing, we have also done extensive marketing in the form of awareness and lot of players, different segment of players, not only algo players, and regular retail investor category players and mutual funds, AIFs, PMSs and even the algo software developers who have engaged with to know what are the nuances of this product and how they should develop and what they should take and what kind of advantage this will take. As soon as the government permits or the SEBI permits, we will be launching them, so we are already in that.

The other development that has taken place recently is the options on the underlying goods. So, you do not have to have a successful futures contract. Currently, all options are getting at the expiry, converted into a futures contract then along with the futures contract expiry the contract gets expired. Now you do not have to have them getting converted into futures contract, it will be directly converted into a deliverable contract, whichever way it is. Although SEBI said that but at the same time, SEBI also has mandated, you must have both the

contracts, only if you have both the contracts i.e. futures contracts as well as options contract which is deliverable on the underlying goods, not necessarily converted into the futures contracts. Only then they will be permitting it.

One important contract that we are looking is at cotton, earlier submitted now that we will be filing for cotton also. These are the major developments and if there are anything more probably during the question and answer I will be answering. Now I will ask Mr. Bolar to respond on the financials.

Satyajeet Bolar:

Good evening everyone. I hope you have been able to see our results on our website. We have uploaded it in our website as well as on BSE website. You would have noticed that there is little downturn that as compared to December 2018 they have been flat, but as compared to September 2019 there has been fall in our topline. Basically, the fall in the topline has been constituted by a fall in the transactional charges, around 8% fall in other income that is mainly our treasury income by around 10% and the last quarter we also had an insurance claim, which we were taking, which we have booked as income that was a substantial amount that constituted about 4% of our topline for September 2019.

This is the key main reason and fall in treasury income I would like to repeat and reiterate is basically on account of mark-to-market. So, we have got a substantial amount of investments that we had made over a time it actually goes on as well some investments in mutual fund but we have taken a big hit in our tax free bond valuation because they have booked substantial income, notional income in June as well as September, but unfortunately because of the Reserve Bank of India December policy which kept as pause so that affected our valuation and we had to take a beating in December, but now the valuation has improved marginally, so hopefully as we go forward we do not get unexpected surprises day after tomorrow. Hopefully things will be better on the treasury side.

Expenses under Mr. Reddy we have been able to control our expenses. We would have seen there is hardly increase in expenses. In fact in many line items they have reduced the expenses and we have been able to take advantage of the MAT, we have been able to utilise MAT credit during the quarter and there was also an excess provision of tax which we had made in earlier year for March 2019, which we have been able to take advantage.

Net-net our net profit has dipped 36 Crores as compared to 71 Crores.

P. S. Reddy: I think now it is done, probably you can open for question and answers.

Moderator: Thank you very much. We will now begin with the question and answer session. The first question is from the line of Kunal Thanvi from Banyan Tree advisors. Please go ahead.

Kunal Thanvi: Good evening. Thanks for the opportunity. Sir, we talked about new unique client codes that have been added and the additional turnover that came in, Sir, can you elaborate on that what are the channels through which we are getting these new clients? Is it through the new banking subsidiary channels that we were looking to explore. Can you just elaborate on the same?

P. S. Reddy: The banking channel is not fully activated. So, potential not as tapped, not even full, leave alone full, half is not even tapped. So we are waiting here to see more good numbers, but then otherwise also the physical market players are coming and our interactions with various associations, some of the advertisement recently you have seen on base metals advertisement and lots of calls are coming, we have also picked up the top 1000 companies, listed companies and then found who are using metals and all that stuff, we have written to them. Enquiries are coming of which a lot of interest got generated. Also the member brokers themselves are actively involved in this engagement. So first door knock is made by us and later on we ask these member brokers to pursue the

clients. So that is happening, so that is what the success that we have seen.

Kunal Thanvi: Basically it is the captive member brokers, who are helping us getting the clients, so it is not because of the banking channel that is yet to be fully tapped?

P. S. Reddy: That is right.

Kunal Thanvi: On the same lines, we were talking with ICICI Securities have they come on-board now?

P. S. Reddy: I think they are putting the proper infrastructure in place. I think a new product head that has been appointed for ICICI Securities for commodities, designated exclusively for commodities so we are touch basing with them and then I am sure they will do it in this quarter that is what my confidence is.

Kunal Thanvi: In the last call, we talked about some custodian issues which were restricting mutual fund players in participation, so has that been solved out now?

P. S. Reddy: Yes, two custodians have been authorized to do provide services one is the Deutsche Bank and the other one is Orbis and both have been permitted to provide but then limited sense. In the sense they may not be able to do in agri commodities and they will not be able to do as of now even in metals also so other than that maybe if we launch index futures, they will be able to settle the trade, they will be able to settle the gold and of course crude is a cash led contract, they can participate in crude. So, we are also looking mutual funds to now pickup the thread from here and then start participating in it and we are looking for a lot of multiasset funds to come into this fold.

Kunal Thanvi: Sir, till now have we seen some players coming in and trading with us?

P. S. Reddy: Yes, AIFs and PMS have started already and we are waiting for mutual funds to start.

Kunal Thanvi: I have this question on indices, so when you say you will be launching indices now, so I was under the impression that we have already launched the indices. Can you clarify where it is?

P. S. Reddy: Launching indices means not the index construction per se. Index construction has already been done. The contract out of that index construction requires SEBI's approval. So, index futures is a contract which we are planning to launch.

Kunal Thanvi: So, any light on base metals? After the compulsory conversion we have seen a dip in the volume. Has there been any pick up there and what we are doing to make sure that we get our earlier volumes again?

P. S. Reddy: We are trying our best in this regard, yes there is a dip in about almost 30% to 35% of the volumes have been shaved off, but there are some big contracts like your copper and nickel where we are reasonably okay, doing well and it is aluminium, zinc and lead are the three ones which are not doing so well. That is where we are looking at introducing maybe little modifications to the contract we may do it, so that will also bring you some kind of serious players into it.

Kunal Thanvi: We just talked about Indian Gold Standard, like we said, these refining gold would also come under the exchange platform so there was this news article which talked about the fact that the trading on gold could expand by 40%, so is the number right or how you look at that number particularly?

P. S. Reddy: We never put any numbers for what is called optimistic ventures or activity and it is not fair to say that 40% or 4% or whatever it is, but I am sure definitely out of 4000 tons of gold that is getting cut every year, getting utilized maybe 800 or 1100 tons and about 400-odd is imported and the remaining is domestic gold and in terms of processing scrap is getting reprocessed. Some of the temple jewelry is getting reprocessed.

All that will come into the system once we permit. As I said, my desire or the team at MCX desires that every gold shop should be displaying the MCX gold price and not anything else. That is the kind of target that we have.

Kunal Thanvi: Thank you.

Moderator: Thank you. The next question is from the line of Dhwanil Desai from Turtle Capital & Investments. Please go ahead.

Dhwanil Desai: Congratulations for a good set of numbers. Sir two questions; one question is on now there is a permission to launch options which doesn't devolve into futures so how do you see that changing the market place for the options because in options our ramp up has not been as desired in spite of we having launched this product for the last one and a half years. So what is your view in terms of how would it expand the market? That is my first question. Second is in terms of launching these contracts with respect to the standards, which are Indian or do we need to take specific permission from SEBI and any other organizations to launch this contract, if you can elaborate on that?

P. S. Reddy: Which contract?

Dhwanil Desai: The gold contracts, which are to the standards of the Indian?

P. S. Reddy: Refined by the Indian refiner?

Dhwanil Desai: Yes.

P. S. Reddy: With respect to the first question, our hunch is that a successful futures contract can only if I have a successful futures contract then a successful options contract which does not devolve on the futures contract, but then it can directly devolve into the underlying commodity will do well, but then a plain vanilla options contract, which does not without any support with the futures contracts, may not do well. This is one understanding because the option writers need some hedging tool. They

will not be having anything. That is one fear that we have. So since we have already good futures contract, we will be able to launch on the options that are devolving the underlying commodities. When I look at gold, today on gold we will not be able to and it is a bimonthly contract, the options we have introduced only one option and that is on a bimonthly contract happens to be a very big number. Now the players are not able to pay so much of a premium, but we have a 100 gram contract, we have 1 gram contract, such type of options can be introduced. That is the way we are looking at it. Now coming back to your second question, we do not need any permission from anybody because without changing any contract specification, I am only saying that these are the approved producers who are manufacturers whose material is allowed to be delivered. I just need to add one more name to that so this is the part of the contract specification, which was approved by SEBI earlier on.

Dhwanil Desai: Thank you. All the best for the future.

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

Nikhil Upadhyay: Congratulations on good set of numbers. Two questions; one is recently there was this SEBI announcement regarding the enhancement of margins as the volatility increases, so do you see any impact of that on our underlying business and secondly in terms of the new products, we have been working on this electricity in future contracts and the gas exchange so if you can just update us on where are we on those two products? When will we be able to launch them in time or what is the update there?

P. S. Reddy: The volatility is the hallmark of this industry or in this exchange anyway, without volatility there will not be any business and if volatility is there you need higher margins anyway. So, recently without even SEBI circular being in place, we have increased 2% margins in gold as well as our crude, which is our two main contracts which are contributing to our 80% of our turnover. Yet the volumes have not decreased. So safety is

important, investors also understand that we are not penalizing them and now the SEBI circular has come, this extra 2% which we have imposed need not be retained and then SEBI will start penalizing. That is the way it is. Now on the new products, electricity futures, again the matter is between the regulators before Supreme Court. Supreme Court has to pass the consent terms and then approve the order, then the rest of the regulatory work will start on the electricity futures. Then comes the gas spot market and there is a lot of, I would not use the word noise but there is a lot of excitement I would say around the spot gas project but then without GST being sorted out without gas grid is being segregated or hived off I do not think these things will happen soon. So, let us see because our job or objective is to keep ourselves geared up to seize any opportunities that comes in our way and we will not miss any opportunity.

Nikhil Upadhyay: Sir, if you permit one more question which I want to ask, the Indian refinery gold contract, I think it is a similar contract NSE had also launched and there was some news item in August or September about they trying to tap this market, so are they a competition to us in any sense on this?

P. S. Reddy: It is not going to be a separate contract. If I am saying the quality and the characteristic of that metal is the same as LBMA, why should it not be delivered against the other contracts, so we are going to introduce in the same contract. We are not going to say that it will be a separate contract, but will be giving an adequate notice to the market, so we are already have a thriving contract to ease liquidity, the same one we will introduce it.

Nikhil Upadhyay: Thanks a lot Sir.

Moderator: Thank you. The next question is from the line of Anand Bhavani from Unifi Capital. Please go ahead.

Anand Bhavani: Thank you for the opportunity. I have two questions, on this gold contract that you are discussing Indian refinery, you will then have two parallel contracts or it will be replacing the existing contracts?

P. S. Reddy: Nothing will replace. I am saying LBMA metal is identical to the Indian refiners metal those who are approved by us. So, when you buy some gold on the MCX platform and take delivery, you might get from any these may be 20 metal producers, I am just giving you a number, I have not seen it, maybe LBMA approved vendors plus the Indian refiners. All Indian Refiners will not be empaneled, please appreciate because we are very cautious about it, we have put a very high watermark for them to qualify to come on this platform.

Anand Bhavani: Can you give a sense of how much volumes incremental can come because of this particular move? You must have done some estimates, ballpark, if this remains the same, ceteris paribus how much potential volume can we estimate, is it like an increment 5% or 10% or it is of a magnitude of doubling?

P. S. Reddy: They are all meant for as KRAs for my people who have been targets not for public not to share with public.

Anand Bhavani: Perfect Sir. My second question is when we raise the margins and we had incremental higher amount of money from the brokers their interest income on that is entirely ours, in no circumstances we are like entitled or required to kind of share their interest income on the margins. Is that a fair assumption?

P. S. Reddy: You are right. That is a fair assumption, but materiality is equally important. About 95% or 98% of the margins are in the form of bank guarantee and the other come as fixed deposits which are we are lien as created in favour of the clearing corporation. Then that leaves hardly any cash with us. That is all.

- Anand Bhavani:** While we might have obligations which increase on our balance sheet you might see higher liabilities from the deposits made by brokers we do not earn commensurate higher interest income?
- P. S. Reddy:** Interest income does not come to us so much. There is.
- Satyajeet Bolar:** Let me clarify only the cash comes and is reflected in our consolidated balance sheet so it is members margin and it is then reflected as per SEBI guidelines that the clearing corporation can invest only in liquid schemes or overnight schemes or in fixed deposits or in government treasury bonds.
- P. S. Reddy:** This is hardly any number. I mean that is not a number.
- Satyajeet Bolar:** So, there is a limitation on the way the clearing corporation can invest its fund.
- Anand Bhavani:** Sure. Thank you. I will come back in the queue.
- Moderator:** Thank you. The next question is from the line of Prashanth Tiwari from SBICap Securities. Please go ahead.
- Prashanth Tiwari:** Sir, I want to understand if the mutual fund participation and AIFs, PMS whatever the new thing is happening if that is stripped down, what is the basic amount of growth that you expect from this business? What is the basic amount of growth coming from maybe volatility or addition of unique client codes that you see for the next year or the year after that? The basic growth in value traded on the exchange what would be the growth that you expect?
- P. S. Reddy:** But again, as I said, I am not giving numbers out there. I am only seeing what drives the business and these are all the factors, which can drive and as and when we get from any particular segment, we are telling the market that this segment is getting active.

Prashanth Tiwari: So, in that case, does the addition of the institutional participation changes are expectation of growth by double or something or is it a piecemeal change?

P. S. Reddy: Again I am not commenting about your question whether it will double, triple or anything about that. OI will definitely increase, that is open interest will substantially increase. With the open interest being high, more and more participants will come.

Prashanth Tiwari: Can you just please just repeat that unique client code, the addition that you have done in this year?

P. S. Reddy: Growth I said, 25% growth, business has come from new client. ADT has come 25% of the ADT in this quarter has come from the new clients. One more clarification, before you ask the question, even the unique clients code traded last year, the entire last year has surpassed in the nine months itself, so that is another number you can take it. How much is the number I will not be able to disclose, but whatever is achieved in nine months current year, has already been surpassed in the entire last year's number, unique client code.

Prashanth Tiwari: Thank you.

Moderator: Thank you. The next question is from the line of Ankit Shah from StockAxis. Please go ahead.

Ankit Shah: Sir, I would like to understand do you see any supply disruption due to Chinese market being impacted due to this virus spread out or how much of the base metals are we importing from China?

P. S. Reddy: Well, if you look at the recent numbers which we published in various newspapers and you must have seen it or Economic Times especially about 50000 tons or 51000 tons thereof has been delivered over nine months, because the contract has become a deliverable contract only in the last nine months. You started with aluminium, next zinc and like that we went on copper, etc., and we are yet to see the ramp up in these

numbers. The only point that we want to tell to the domestic producers as well as the international producers is this is the market, which you can take opportunity and if you think that the prices are better for you, you can dump it on this. Another statistics or a data point I can give you is that almost from 10 countries, we had seen stocks coming in various metals, of course base metals. So, you can see that and will the virus effect? My answer is no, because we have not received any metal from China so far.

Ankit Shah: That is it from my side. Thank you.

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

Amit Chandra: Thanks for the opportunity. My question is on the open interest that we have in gold, has it increased from the last quarter and what is the physical delivery related are the same and overall in the physical delivery what kind of gold we are seeing in terms of the various platform, gold as a metal contract and what is your view on that? Will it be included in this overall physical delivery in the system, because of key increased participation and it can further boost the volumes?

P. S. Reddy: Sorry, the second part of it I did not understand, but then first one I will clarify. I do not know whether it answers the second question also whatever you have in mind. In the last nine months, we have delivered 9 tons of gold and we had an average daily open interest, we had 21 tons, and the corresponding last year it was about 14 tons. So that is the kind of growth we have seen. As Q2 this year it is about 29.5 tons and it is less, but there is a reason, a tax meeting has happened as a result of which there was a huge delivery on the exchange platform also, almost about 5 tons of gold was delivered in the month of August and that is included in this last quarter.

Amit Chandra: With the open interest on quarter-on-quarter basis, the net balance, as you can see increased participation in UCC and hiving for numbers, and within the hedges for offsetting that?

P. S. Reddy: The UCCs have been increasing it and there is no doubt about it and we are also engaging one on one with national gold jewelers who have got a pan India presence and they have not come, all of them, some of them are now studying their risk management departments and systems, and putting in place and once that is done, you will find a lot of them participating on this platform. This OI will increase definitely.

Amit Chandra: Any concentration on the top 10 numbers? Has the concentration decreased with the increase in the client codes that you are seeing? How has been the trend there in terms of the top 10 as a concentration, in volumes?

P. S. Reddy: There will be some decrease, I would not say decrease may be interest distribution may be happening. The top 10 members may continue to have the same, but the number one may not be having as much as the number two, or as it was there earlier. So that is the way, so number two's, number fifth broker may be having a little more, so he moved up that chain, so it is like that, distribution is happening.

Amit Chandra: My last question is on tax rates. The tax rate is lower this quarter, so what will be the normalized tax rate and there was also drop in the human costs, what are the initiatives you are taking there and what is the outlook for the costs going forward?

Satyajeet Bolar: On the tax rate, our effective tax is 17% between 15% and 17% every quarter, but this quarter we were able to take advantage of the MAT credit. We were able to utilise the part of the MAT credit. Also we had made excess provisions in the earlier years that is in March 2019, which we took the benefit of now, that is why the tax effective rate was in the range of around a bit more than 5%. Going forward when we come to March, personally we would love to utilise the MAT credit, because then I

would like to go to the lower tax regime that has been announced by the government in October, because it will now fall into the older rates because I have got the MAT credit. The moment I avail my MAT credit then I will move to the new rates.

Amit Chandra: As of now how much MAT credit we have and by the end of next quarter we will fully utilise it?

Satyajeet Bolar: I would not be able to quantify but we have a substantial amount for this to use the old rate.

Amit Chandra: Employee cost?

P. S. Reddy: Employee costs are more or less stable. I have been repeatedly telling in all calls my job is to ensure the costs are kept under control that is something which is in our control, not the topline especially the revenues and there are several factors that drive the topline. So, if you see the costs, they are I would say flat.

Amit Chandra: Flat YOY but sequentially there is 8.8% decline in the employee cost?

Satyajeet Bolar: Yes, that is because some of our employee there was a bit of churning during the last quarter.

P. S. Reddy: Some of them have resigned and then gone and we are yet to appoint our new CFO, so that is one cost has reduced, some other, some seniors, one or two have left. Instead recruiting we have promoted internal people. So those things help us.

Amit Chandra: Thanks for answering and all the best for the future.

Moderator: Thank you. Next question is from the line of Haresh Mehta from BNP Paribas.

Haresh Mehta: I think most of the questions have been answered. Can you just help me with how much total number of member broker do we have currently and what was the number last year?

P. S. Reddy: By and large they are remain the same it is about 480, 490 active members and even if there is a change my hunch is, thanks to MCLR problem or whatever it is some members were consolidating, some members were taking new memberships and then surrendering the old memberships, all that was happening, so any figure that I give you is not correct, so what is important for you is who are actually logging in daily and trading and that number is about 480, 490 around that.

Haresh Mehta: Understood and one more thing when you say 25% additional new client did, which in this quarter, which contributed in topline, so can you just share?

P. S. Reddy: Not topline I am sorry, ADT average daily turnover.

Haresh Mehta: What is the average number of clients, which are active in every quarter generally, suppose you have 100 clients, so what is the average of number of clients are active every quarter?

P. S. Reddy: I am not giving out numbers that is the whole issue. As I said I have already crossed the whole last year.

Haresh Mehta: In percentage term?

P. S. Reddy: Readily I do not have it, that number is not readily available, probably next time will answer.

Haresh Mehta: One general question, any key thing, which you are expecting from budget, which can drive the commodity derivative volume?

P. S. Reddy: I am no wiser than you in terms of budget and we all have a wish list of course, but then I do not know what will be fulfilled, what will not be fulfilled.

- Haresh Mehta:** Thank you.
- Moderator:** Thank you. The next question is from the line of Kashyab Rugani from Credence Wealth Management. Due to no response we move on to the next participant. The next question is from the line of Subramanian Iyer from Morgan Stanley. Please go ahead.
- Subramanian Iyer:** Thanks for the opportunity. Couple of data questions, so one being what was the average realization for the quarter and the second question being what would be the effective tax rate under the new regime?
- P. S. Reddy:** Rs.2.10 is the average realization.
- Satyajeet Bolar:** Generally our effective tax rate was around 17.5%, but this quarter we were able to utilize MAT credit and also take the credit of the excess tax provision made in the earlier year.
- Subramanian Iyer:** We should work with around 17% from next?
- Satyajeet Bolar:** Yes.
- Subramanian Iyer:** If I may add one more question, so you made a comment that basically 25% of the ADT this quarter has come from new clients so this is new clients added at what timeframe?
- P. S. Reddy:** When I said new clients they are not traded in this year. What we have been doing is again as a part of marketing trying to see our scan of database when they were ever traded in the past that is one set of clients. If they have traded they remain dormant and then till brokers to speak to them why they stop, what are the reasons, so can we activate them that is one existing client database that we have. The second one is the ones, which whom we are approaching in the form of investor awareness programmes or in the form of associations whom we brief and the totally new set of clients who have never traded on the exchange platform in the past, so these are the two types that we are getting.

Subramanian Iyer: Because 25% seems a pretty substantial number and we have not seen that kind of an increase in overall trading volumes, so that is why I was a bit unclear on that?

P. S. Reddy: These are UCCs who are trading there could be small retail investor, there could be big hedges, all mix it will be there, so the number may be 25%, may sound big, but if there are maybe 15, 20 big hedgers are there that is big enough.

Subramanian Iyer: Got it. Thank you. That answers my questions.

Moderator: Thank you. Next question is from the line of Kunal Thanvi from Banyan Tree Advisors.

Kunal Thanvi: Just wanted to understand any new product that we have in mind that could be launched by the end of this year or early next year?

P. S. Reddy: As I said the list is growing, but we need to get the approval from SEBI and some are already pending and again we discussed it in the concall that index futures is one we are looking for potato contract if they give permission and this is what index futures contract and electricity futures is another one and we are expecting lot of things to happen then only it is contingent upon those things.

Kunal Thanvi: On respect to the electricity future there has been a cost liabilities, there is another exchange that Energy Exchange would be given permission?

P. S. Reddy: That is spot exchange.

Kunal Thanvi: There have been talks that they would do futures as well, so can you help us understand how that will work?

P. S. Reddy: As of now for futures they have to set up a separate system and then they have to come under the regulatory purview of SEBI. Currently they have a day ahead contract mostly if I am not mistaken and that drives a

lot of their business and up to 12 days I think it is a spot market or 11 days probably, 11 or 12 days I am not too sure about that, but then 11 or 12 days is the spot contract and beyond that is a futures contract, maybe they are looking at moving away from day ahead to or introduce new contracts in the rest of the week ahead maybe or 10 days ahead kind of thing.

Kunal Thanvi: Last question on employee cost, so we understand that we came out with ESOP last quarter, so how that would impact the employee cost going ahead?

P. S. Reddy: That is no more ESOP now in all our exercise and then whatever is left there lapse, so it is like that.

Kunal Thanvi: It has gone through the P&L already?

P. S. Reddy: Yes.

Kunal Thanvi: That is really helpful. That is all from my side. Thank you so much.

Moderator: Thank you. Ladies and gentlemen that was the last question for today. I will now hand the conference over to Mr. Reddy for closing comments.

P. S. Reddy: Thank you very much and it is a late call, but our board meeting also has continued for a long time, so that is why it is a late call and we will try to see that this call is done a little earlier than what we have done as far as possible and thank you everybody for joining and asking for clarifications.

Moderator: Thank you very much. On behalf of Multi Commodity Exchange of India Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.