

MCX/SEC/2233

June 12, 2023

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

Scrip code: 534091, Scrip ID: MCX
Subject: Transcript of calls with Investor/Analysts

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021, please find enclosed herewith the following transcript of the call with investor/analysts:

Sr. No	Investor/Analysts	Date	Time	Annexure
1.	Group Investor Call hosted by UBS Securities India	June 05, 2023	04:00 PM	<i>Annexure - A</i>

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

Further, we hereby confirm that no unpublished price sensitive information was shared/discussed during the said meeting.

Kindly take the same on record and acknowledge receipt.

Thanking you,

Yours faithfully,
For Multi Commodity Exchange of India Limited

Manisha Thakur
Company Secretary

Encl: As above



Multi Commodity Exchange of India Limited
Meeting with
Group Investor call hosted by UBS Securities India
June 05, 2023

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 – MD & CEO
MR. SATYAJEET BOLAR – CFO
MR. DG PRAVEEN – CRIO

Lavanya Tottala: I have got the... yes, so the recording for the meeting has started. So, I would request this is a small group meeting. I would request participants to keep it as interactive as possible. So, you could raise your hands if you have any questions so that I can moderate or you can just unmute yourself and go ahead with the question. So, maybe sir to start with I would ask on the question on how do you see on the software shift and what's the what's the timeline and the progress as of now, any comments there would be really helpful?

P.S. Reddy: Sure. On the technology shift or the migration, we are all working towards that. I think we have taken time, in fact the shareholders were very patient, and I think we were to go live in the month of September I think we got a 6-month extension from Jan to June, but this time we are determined to go with all the functionalities which are needed for going live. Having said this, I also said in the meeting that we had a very good success rate in terms of number of test cases which we have passed through, and all that has happened. We have also already alerted the member brokers that we are going to go live this month, exact date maybe, you know, it could be only on a weekend, we can, or the week beginning of the week. So, obviously weekend we will be transferring all the online trading data and then the transactions data, then we will go live. So, say mocks are available and many members are participating in these mocks that are happening especially on Saturdays they are happening, because that is from the DC. On other days it takes place from DR and full data is being transferred. Of course, the OLTP data will be late, late in the sense a little older, maybe 15 days to one month data, but otherwise we are we are gave we are exposing full data set to the member brokers, and we are very keen to go live that's what all our endeavor is, unless some last-minute glitches come, and which holds us back from going forward.

Lavanya Tottala: Got it sir, so this is really helpful. So, maybe just taking, add with the last part which you have mentioned like if we have or if we face any glitches, so what is the like this next option or how are we planning to handle it, maybe I would put it that way like if there are any glitches how much grace period do we have to handle those glitches at this point of time?

P.S. Reddy: You see that is the reason why we are we are currently doing the mocks throughout this month, I mean up to maybe last week or before the last week we will be doing it and maybe we will be, we will be planning, or we may be releasing circular in the middle of the month when we will be going live. So, that by that time we will get a complete hands-on in the sense of the term that we will, we would have run glitch free systems and we will say now we are going ahead on such and such date this month only, that's the way it is. What is plan B? I think Plan B will be nothing but going back to the 63MMoons that's the way the Plan B is. There is no other way that we can manage it, which again is been eroding the shareholders' wealth or whatever the reserves that we have. So, that is what we are least interested in doing it, but God forbid if that is the only way to happen, there is no other way. We are making all our efforts; we are leaving no stone unturned to make this go live this month.

Lavanya Tottala: Got it. So, if we are going to 63Moons we don't have any price or negotiation yet, like would it be continuing with the current rate which you are paying now?

P.S. Reddy: I will not be able to disclose anything on that...

Lavanya Tottala: Okay got it. Thank you and I would request participants to please go ahead if you have any questions or you can raise your hand in case of any questions. Shalin please go ahead.

Shaleen: Hi sir, can you hear me?

Lavanya Tottala: We can hear you.

Shaleen: So, sir what may determine that we are ready.

P.S. Reddy: Please introduce yourself.

Shaleen: Sir, Shaleen this side from UBS. I work with Lavanya. Sir the question is that what could be the recommended factors here that we can go ahead, or we have to go back to 63Moons, it's just an audit report we are waiting for or is there some test results right, so what is the detrimental factor like because we are in

the June, right? So, maybe in next one, two weeks we are thinking of going, so is there any decision maker, board, who will determine this, if it's going to be our decision?

P.S. Reddy: Well, definitely we will take into confidence the board and the SCT into account and see what will be the determining obviously when we are running these, these mock runs and members participate and they should get whatever transaction they do their output right and the members have to actively participate in and confirm to us yes we are all there. So, that is what we are looking forward to and we did give the files to the members and they have to verify and confirm that yes this is all happening correct, that's what the issue is and we are we are, we are working on it and these are all parallel that's happening including the mock runs, the audits etcetera, etc., they are all parallelly happening.

Shaleen: So, the mock runs are happening parallel and audits are happening, but you do you need to go back to the board for that again, and then get updated or is it?

P.S. Reddy: We will take them into confidence, if there are any risks we will clarify. We will definitely place before the board.

Shaleen: And sir, is there any, there is no regulatory hurdle here right, that in terms of the qualification of the software or the error etcetera that we need to witness that?

P.S. Reddy: Our regulator expects us to run the systems glitch free and make sure that investors are not inconvenienced etcetera, etc., and that's what their ask would be.

Shaleen: Yes obviously, that's obvious, but in terms of pre there's no pre-requirement right that that's just led there's certain parameters that is that are required, that is nothing like?

P.S. Reddy: I have not seen any pre-requirement or anything like that yes, that's right to my knowledge.

- Shaleen:** Sure, sure, sure that's it from my...
- Lavanya Tottala:** Yes, thank you Shaleen. So, we have a question from Bhavesh, Bhavesh please go ahead just introduce yourself before going ahead.
- Bhavesh:** Sure, thank you. Sir, this is Bhavesh from Mosaic. Mr. Reddy thank you very much for doing this meeting. So, once we transition, you know to the new platform of course the software cost that we are paying to 63Moons right now will go away. And what will come is a component of amortization costs as well as some annual maintenance costs that we'll be paying to TCS. Now again, you know, from all the comments etcetera that I have attended your calls in the past, the number that I am getting and again even looking at the CAPEX that you have done which is visible in your annual account and getting an approximate number of 6% to 7% of your topline as AMC plus amortization costs. Now, I am aware that AMC will not be applicable on year 2, but from year 2 when AMC cost kicks in and assuming amortization cost of whatever you amortize over 6-7 years and getting a number of approximately 7% of topline. So, my first question is that, is this understanding, correct?
- P.S. Reddy:** Well, you see the topline keeps changing and if we are doing better than that, that will come down also. So, these are more or less kind of a fixed cost in that sense for me year-on-year recurring, but then they are all fixed, it will not vary. So, it all depends on how better we perform, that is why incrementally there won't be any additional costs if we do better, but maybe you are right, whatever the numbers you got, but I am not done that, back of the envelope calculations, maybe CFO may clarify.
- Satyajeet Bolar:** So, I mean just remember that there also be some operating cost that we will be incurring for our application software okay, so that would be an additional, not considered.
- Bhavesh:** Okay, okay, but in general there will be a kind of claiming that clearly if you look at, I mean FY23 was clearly a very exceptional year where we are paying excess payments to 63Moons, but if we see a little more, you know, in the history what we get is approximately 13% to 14% to 15% kind of topline spends on technology costs this should directionally come down as we

successfully transition to new platform. So, this understanding is broadly correct.

P.S. Reddy: Yes, this should directionally come down. Yes, that is understanding is correct.

Bhavesh: Okay, okay sir, secondly on the mini contracts, you know which SEBI, you know, had banned in FY19-20, they have now allowed back in Jan, Feb, so what is the status now and to start with, how big of, you know, this mini contracts work for us in terms of overall trading volume then and how do you expect, you know, traders and participants to come back and what is the initial feedback, if you can share some thoughts?

P.S. Reddy: On the mini contracts we have introduced Crude and NG as well as aluminum, lead and zinc, and at one time they were contributing, depending on the kind of product that we had, in the range of 20% to 27%, 30% kind of thing, and although we have introduced them, they are slow to pick-up and as of now you know it's not as much as much as we expected because we're just, it's about 7-8 months old, all these contracts have been introduced still there are two other big contracts which we have not introduced that is the copper and nickel because it's not only the mini contract, even the trading and delivery units will be different if we have to go for these two contracts. In fact, the volumes in those two contracts were also very large in the past. So, we could not, you know, do that, because of the regulatory requirements. We have made an application, hopefully we should be able to get that, but if once the whole set of players who were there earlier, the mini participants come back again, we should see about 20% to 25% contribution by these mini contracts to the respective total contract, total product contract, product size.

Bhavesh: And so, what was the reason of regulator banning these contracts in the past, first I mean what's the reason for that and why they have allowed again today?

P.S. Reddy: There was a perception that liquidity was getting fragmented because mini contracts were introduced, but then our view was no, it was not getting fragmented. The smaller players stayed in these mini contracts because unlike in equities where you buy one lot means one share kind of thing. Here one lot means it is as good as one ton of aluminum or whatever that is, and that itself

is a big one. Now in the main contract one lot means 5 tons, 5 tons is very big maybe 5,00,000 of rupees on which Rs. 50,000 even if you take 10% margin it is a Rs. 50,000 margin. So, it's expensive for them to participate that was the reason why they have quit, but the kind of suspicion that they had was unfounded. So, we went back to the CDAC and made a presentation, what is what, then I think it is restored now.

Bhavesh: So, so the earlier perception was that these mini contracts are fragmenting the liquidity or it is not, it is basically, it is not helping the liquidity and hence it was being banned?

P.S. Reddy: That is right.

Bhavesh: So, my third question is around FII participation. Now, I am aware that SEBI has allowed the FII participation, but I'm just really curious to know that why would a typical FII would like to hedge through MCX when they already have options and they already pretty well registered in most of the global exchanges, so why would you know an FII would be interested to take an exposure through you know, through MCX or just or any other new exchange, to put it in that context?

P.S. Reddy: See, the spread benefits are unique or to the to the exchange where they are getting traded, okay the interest gap between the near month and then for month will not be the same in every exchange, is identical, isn't it? So, if they want to play in that in that particular region then they will play there, so that means they buy the near month and then sell the for month and then if that benefit is about 12%, 13% or even 15% they take advantage of it that is one, you know, one major this one and that's happening by the way. So, that is one part of it. The second part of it is maybe some of them have got an international exposure and then at the same time they will take the opposite leg, maybe position in this market and that's another reason why they maybe, they want to participate in this. So, it's not necessarily they are all speculators and then, there is one, vibrant markets are there elsewhere for speculation, so why should they come to India and speculate, okay, that could, that may hold good if they are all speculators, but that's not the case.

Bhavesh: Sir, and on the domestic mutual fund and AIF, what is the kind of response you are seeing, are they coming. I believe there were some issues around the GST registration etcetera which was, which you, which something had to be, and also where are we in that journey?

P.S. Reddy: Yes, I think by and large they are all there, in mostly they are active in the gold contract and maybe some of them have participated in some agree contract especially the cotton, but yes, there are issues centered around the GST and there is a there is a big challenge out there, but if they don't want to take delivery then definitely they will be able to trade and that's not an issue, not necessarily they should take delivery by the way, that is the way it is, but if they want to go for a spread margin benefit, then they have to necessarily take delivery in the near-month and then sell it in the far-month, so for which they have to take delivery.

Bhavesh: Okay, but do you expect all these operational hurdles to smoothen out as the volume picks up, maybe your you know engagement with the regulator, so where does it require, I mean, how do we smoothen out these operational hurdles that the participants are facing?

P.S. Reddy: Yes, on the GST front, I think we have engaged quite long enough with the Government. I think in this present structure of GST, where there is a GST, CGST, there are IGST, there are three separate laws, maybe the challenge to make it, if it happens there is nothing like it, but pending that we have also given an alternative proposal where the warehouses for some of these products could be kept in a free trade warehousing zones where certain laws are not applicable, certain things are not applicable unless you move the material into a domestic tariff area and I think that is under active examination of the Government and other regulatory authorities. If that happens, also again, our problems to a great extent are mitigated.

Bhavesh: Okay sir, sir my last question from my side, you know, some of the other new business segments that, you know historically we have spoken about you know, so I had have gone through some of the past, you know, recordings as well as all the transcripts, I have seen currency exchange being talked about or

coal spot exchange talked about, even electricity derivatives is something which you have...in the last concall, but in general what are the more avenues that MCX can explore over say in medium-to-long term which can add more growth drivers to the business?

P.S. Reddy:

I think, to put things in perspective what we said currency when somebody asked me what is the next logical progression for exchange then I said, that after our trading platform stabilizes maybe step in that direction is not any equities or anything, but then the step in right direction is toward the currency because we are trading in international commodities probably the people who are currently doing two leg hedging one on currency, one on the metal price, I think they don't need to go to two different exchanges probably they can do it on the same exchange that's the logical progression is what I have hinted if I am not mistaken, I think that is the way it holds good. So, let us know let us migrate to a new platform then we will think of all those things. On the electricity derivatives contract, yes, it's still pending with the government regulators, we have been as I said it is a jinxed contract and we have been waiting for their approval for a long time. We have not got as yet. On the issue of coal spot exchange. Coal spot exchange, Government has put up the Coal Ministry has put up what is their roadmap for the next the current financial year for 23-24. One of the things is, to put in place the regulatory framework for launching coal spot exchange so that's the way it is. So, we are also very keen to pursue that matter with metal junction, MJunction, which we have, you know, an agreement or MOU with them. Then another product which we have got already in April, is Steel TMT Bars and I think, a month or two ago we got the approval, and we propose to launch, once our platform is inaugurated, that's the way it is.

Bhavesh:

Okay sir and sir what are we doing in the coal spot? I believe we have some international we have a JV in Gujarat GIFT City, so I mean if you can just share some thoughts there's something which we are doing in gold spot where through GIFT City, Gujarat GIFT City?

P.S. Reddy:

Yes, you see, there is a spot exchange setup. International Bullion Exchange in the GIFT City where five of the, I mean three leading exchanges, mean MCX

and NCX, NSE, BSE, NSE and MCX and CDSL NSDL have taken equal stakes and then set up that exchange and that exchange is yet to start full-fledged operations. While the regulatory framework is falling in place, maybe slower than we expected it to and some of the, what you call, expectations are met slowly, but that is something there is no competition out there and the management of those respective exchanges are the Exchange, and depositories are working to make it profitable. So, hopefully we should be able to see some light in the next financial year. They just they started in the month of July last year and I think we should give them some time to, you know, come out with flying colors.

Bhavesh: Okay and MCX has 20% share.

P.S. Reddy: That is right, all are, everybody has got 20% equal share.

Bhavesh: Thank you. Thank you sir, thank you very much.

Lavanya Tottala: Thank you. Thank you so much. We have a question from Sanjay Singh from Pine Bridge. Please go ahead.

Sanjay Singh: Hi sir, thank you for taking my question. Just one understanding regarding the testing for the new software, have we reached out to all brokers or it's only a select set of larger brokers which... which is doing this testing, mock testing?

P.S. Reddy: Well, there is no select to reach out, we issued a circular and everybody's data is uploaded, so anybody can participate, but obviously those who are active and then who have their skin-in-the-game, they always want to be testing their software, working. So, that's how it. So, it is open to everybody.

Sanjay Singh: But do you have anything, how many percentage of the active members are spreading with you in mock testing?

P.S. Reddy: More than 90% have already, you know those who have, who are trading they all have tested it. I mean who have already traded in mock, participated in mock.

Sanjay Singh: And any kind of hardware etcetera whatever needs to be installed has already been done with all the active members?

P.S. Reddy: Everything, it is a full-fledged system in place, full-fledged system.

Sanjay Singh: And on the, if I look at your Q4 number, annual number you know there is a CWIP now, intangibles for around 117 crores, which is I assume will be largely because of the new software. Now is it a large portion or 80%, 90% of the cost is there in CWIP or there is a much more needs to come in the CWIP once the software gets installed?

P.S. Reddy: Well, I think any number of percentage will reveal what the full amount is, so it is not fair to tell anything about that part of it, but it's a good amount of hardware component has already been put in place.

Sanjay Singh: Okay fine. Thank you, thank you sir this is all from my side, I appreciate your time.

Lavanya Tottala: Thank you. I request participants to raise hands in case if you have any questions. So, in the meanwhile sir, I just wanted to go back on the question earlier and try to understand if, did you get any feedback from your consumers or the ones who have used, traders, in terms of the new platform versus the earlier one any feedback how they're the ease of use or the UI or any sense there?

P.S. Reddy: Well, you see we have already informed the member brokers we are not changing the APIs, file formats etcetera. So, those members who are using their own front-end software which are serviced by the various vendors or who have their own thing, for them there is no problem for them the experience is going to be as usual in that sense, okay. Now, incidentally, you know, that this is already there in BSE, this T7 platform which is the front end. So, there is no problem about at all. So, all that is, only that who members who are using TWS - Trader Workstations, which is a very minuscule part of our volume, and they may be having some differences they will see so that's fine, but you know, there are some exchanges who have completely done away with the Trader Workstation concept. They say that we will give you only APIs and you please

customize your own front end, so that's fine. We can, we have to, we have to go with what we can offer at this point in time given the time constraints.

Lavanya Tottala: Got it. So, in terms of even the latency or the speed at which the thing happens in the mock test, is it in terms of the, their feedback, is it similar to the existing platform any?

P.S. Reddy: Latency there is no problem.

Lavanya Tottala: Okay, got it. So, we have a question from Manish Gupta. Please go ahead.

Manish Gupta: Hi sir, this is Manish from PAG. Sir my question was regarding the mock test that you are running, what is the rate of bugs or incidence that you are experiencing there, you know, what kind of failures and so on, if you could give any color on that?

P.S. Reddy: See, when the members, you know, most of them in fact 90% related to initial login okay, So, many have now we have a two-factor authentication etcetera, etc., so they find it difficult to log in into the system and some of them are using the, although we have clarified substantially what they should do and we have sent to them what kind of their login is, what is the password first time etcetera, but still find it difficult. Similarly, some members get locked out or go into the square-off mode because we have uploaded the data related to the members collaterals who have a, sometime in the month of May middle of May or earlier than that. Now some of those instruments may have expired so if they have expired then collateral will automatically brought down. So, the exposure that they have and the collateral that they have, system will put them in a square-off mode. So, these are the issues. Maybe current collateral if I take it, they may not have been out of the system, but because I can't expose the latest data at this point in time, that's why we are working with the old data, and these are the issues that are faced. And some members who are participating using their DR connection, which is a one MB connection. So, they will say that my what you call broadcast is slow, but somebody who is using lease line, they say your broadcast is very good, you know, when we go live, that the trading takes place from the DC that is the data center, primary data center where everybody has got a lease line, that is why Saturdays we are conducting to give a good

experience - primary data center. So, there I don't think anybody says that my broadcast is slow that is slow all that kind of. Thank you.

Manish Gupta: Sir, do you think that by the time we go live on the new system these issues will be resolved and maybe say 95 or some, some percentage around that kind of, traders will be on board and ready to trade?

P.S. Reddy: We should be we should be otherwise what is the purpose of migrating it I think we should be able to that's why all our efforts are that's why our BD team is only doing this approaching member brokers, asking them to test the system join and giving them, handholding them all that is happening.

Manish Gupta: Okay and is there any quantifiable metrics that you're tracking that you know if we achieve that number in the mock test, we are good to go?

P.S. Reddy: There is there is no number, you know, we are using the trade generator also to give an experience of high volume for the member brokers there, algos to run, depending on the speed at which orders are getting pumped. So, I think, all that is happening, you know we are in touch with the main, I mean the member brokers the BD team is in touch with the... all their representatives and getting them the feedback. The day mock is over then immediately on the end of the day we take a review of what these observations are, whether specific to members are generic in nature. Accordingly, we keep addressing them.

Manish Gupta: Got it sir, and during migration from the old system to the new one, do you expect everything to go smooth?

P.S. Reddy: We have already migrated the legacy data, I think it is more than 20 years data or 10 years data. Definitely more than 10 years data we already migrated, and it is only that OLTP data is to be migrated which we will be doing it, that is online transaction processing data which can only happen on the last day.

Manish Gupta: Okay.

P.S. Reddy: Which is a small set of data.

- Manish Gupta:** Okay got it, thank you sir.
- P.S. Reddy:** Thank you.
- Lavanya Tottala:** Thank you. Bhavesh, you have a question?
- Bhavesh:** Yes sure, thank you Sir, this is Bhavesh again from Mosaic. Sir, on settlement Guarantee Fund, I believe management was under discussion with the regulator to allow withdrawal of excess SGF or maybe you know, maybe fungibility of SGF so that you can you can help to, you can reduce a portion of your margin and have you know excess filters, and you can take out the excess filter and it is not only required, so where are we in this discussion, was this discussion move forward, was is allowed or where we are we in this journey?
- P.S. Reddy:** See, the ask was, once that we should be able to contribute additional and we should be able to withdraw whenever we don't need it, is the customers kind of thing and that has not been decided as yet, it is still with the risk management committee of JV of the SEBI and I think that's one ask that we have. All Exchanges put together also submitted a proposal and that is being examined. So, once that comes through then only, we will be able to comment on it.
- Bhavesh:** But just the current understanding, perspective, if the regulator permits you to withdraw excess SGF, you will be in a position to reduce the margin that you are charging to the participants right now in various contracts and that will in a way even create the volumes and then of course when you need to, you know, I mean you don't, I mean don't take back SGF, you can take it back and then accordingly increase the margin. So, this will help you to you know get more trading volumes, is this understanding correct?
- P.S. Reddy:** That is right.
- Bhavesh:** And sir as we transition from old to new software there are very clear tangible benefits that MCX will get. During your engagement with the regulators at any point of time, have you got any sense that what should be the ROEs or the margin thresholds that you know regulator would be comfortable that MCX should be getting or is it something that you know you would like to pass on

some of the pricing, some of the margin benefits that you will get in terms of lower you know, rates exceeded any charged with the participants, so any thoughts around this, that do you think that there could be relook at the pricing that we charge to participants?

P.S. Reddy:

See the regulators don't get into the commercials of the Exchanges, and as far as possible they will stay away from that. They want a robust trading system. They want a systems to run 24 by 7 and resilient and then meet the expectations of the stakeholders. Now, whether it will save some money or increase puts more money whatever it is, cost you more, it's up to us. Now whatever the benefit that we get, it is not immediate. I think we have to wait for some time and recover the cost that we have incurred in the development of this project. It's only thereafter we can look at what is the tangible benefit that comes to us. Of course, pending at this point in time, we have in fact, in 2-3 calls also I have made, at this point of the time, it is a kind of a no gain, no loss kind of thing. Volumes increase, obviously there is no incremental expense out here and you will only gain, that's what I said.

Bhavesh:

And sir when we look at your revenue breakup components, you know from, I mean, research services is very small, I believe even co-location. I couldn't really see a very large component, so do you think these other forms of, you know, revenue streams will start kicking in over a period of time or this is something you would expect to remain very small?

P.S. Reddy:

Sorry I didn't get your question; sorry I didn't hear.

Bhavesh:

Sure. When we look at your revenue breakup, bulk of the revenue is driven by transaction, transaction revenue, you know, other components like research services or you know like maybe co-location services all these components are very small for MCX today, so do you expect these revenue streams to grow faster as we move ahead, or you expect these to remain small?

P.S. Reddy:

Okay, currently there is no co-location facility. So, there is no question of collocation revenue coming into it because the regulators don't permit anything of that kind. As regards to the research, there's hardly any research, but there

is a data services. We give what you call, shared data with the vendors. So that income is about 8 crores, 7 crores, something like that.

Satyajeet Bolar: It has increased substantially over the years and also during this year, we also have provided consultancy to... it is a onetime...

Bhavesh: Okay so just to clarify SEBI doesn't allow co-location for MCX, but I believe they do allow for equity exchanges like NSE, BSE right? So, this is maybe it's just a matter of time that they will allow MCX as well?

P.S. Reddy: In commodity markets it's not permitted. In equity markets, yes, it is permitted.

Bhavesh: Okay...okay and are you in discussion with the regulator to permit this at some point of time or you don't expect this to come?

P.S. Reddy: No, I mean that discussion will take place, but let me first cross this bridge of migration of platform.

Lavanya Tottala: Thank you. We have a question from Sanjay Singh again. Please go ahead.

Sanjay Singh: Hi sir just wanted to understand, you know, on the index options index trading the product, you know I understand the base metals didn't do well because of the nickel issue, but even the energy and the, you know, bullion stuff the volumes are very minuscule. I think energy is almost topped and bullion is mainly bullion. So, I mean why is it so an equity and because here there is a major issue because I think in your other products the expiry technically happens two days before the actual expiry because of logical reasons, but in index it can be carried till last date if I am not wrong, so why are the index here, the product is not working despite, you know, almost 95%, 90% of volumes of NIFTY is just Bank NIFTY and NIFTY?

Praveen DG: See, currently if you look at equity markets, index options are the most popular ones and like options are most popular, but out of options again if you look at it, it is the index options. And index options are also mostly the ones which are more liquid is the shorter duration contracts, like a weekly options. Coming to the commodities market, the time when we have launched it, that time it was

almost like that time coincided with the peak margin reporting. So, that time it is for the futures, but subsequently the volumes all have shifted to the options. Today, we don't have the index options because there also we are looking at once this technology migration happens post that we wanted to introduce some of the shorter duration index options because there has been consistently a demand for shorter duration index products. So, that is the reason we've been waiting. Once we get so that means we make this tech migration definitely we will be in a position to introduce some of the contracts in the index also.

Sanjay Singh: No, but currently it's a one-month option, right?

Praveen DG: It is currently a one-month option.

Sanjay Singh: But even in the one month there is hardly any volumes?

Praveen DG: Sorry options are not allowed, what we have is only monthly futures right now. So, we are waiting for first to introduce the options, subsequently we can look for some shorter duration contracts also, so that it will increase the market interest.

Sanjay Singh: Okay got it. Thank you very best and all the best.

Lavanya Tottala: Thank you. I request participants to raise their hand if there are any questions. Maybe sir, just going ahead with the earlier question, as you were mentioning that you plan to introduce index options, do we have that kind of enough volumes to introduce options because we have the criteria to, the underlying futures to have certain amount of volume before we launch options, right?

Praveen DG: Yes, currently there is no criteria for index options, that kind of criteria is only applicable to commodity options, that too, if it is commodity options on futures, not on options in goods. So, there is no criteria.

Lavanya Tottala: So, there is no criteria, but the underlying will still be the index futures, right, which is not liquid?

P.S. Reddy: No, no it won't be. It won't be option on futures. It will get settled directly.

Lavanya Tottala: Okay got it. And just going back to on the mini contracts part, so earlier we have, I mean as compared to whatever products we had earlier in 2019 and now, the key products are not yet launched because of operational issues. So, what is the contribution of those two to one or two mini contracts yet to be launched and what are the main operational concerns that we are seeing to launch those products?

Praveen DG: See currently we have introduced the mini contracts in all the commodities except all, in the sense, where we were having earlier, we were having the mini contracts. The exception is copper and nickel contracts because in both the cases we had to increase the trading unit itself to match with the delivery units. So, earlier they were having smaller trading units but subsequently we had to increase it in case of copper. We have increased from 1 metric ton to 2.5 metric ton and there was also some 250 kg mini version was also there at that time, but we had to discontinue, and we had to come out with only one single contract. So, we had to introduce the 2.5 metric ton contract. In case of nickel also we were having two contracts that time one was of 250 kg the other was 100 kg nickel contract was there, but now we have introduced 1.5 metric ton nickel contract because of that kind of constraint. But now we have requested SEBI to consider differential trading unit and the delivery unit considering the kind of deliveries that happens in the domestic physical market. Nickel is completely imported from global markets. So, if that is the case the lot size and everything is different, but if you want to trade in that kind of big lot size, like even if today you consider our 1.5 metric ton contract, it comes very high. It is close to 30 lakh to 40 lakh worth of contracts which is not that much enticing, interesting for the market participant. So, there has been a demand for reducing the trading size, but for that one I think some amount of concession has to be given by the regulator, like differential trading unit.

Lavanya Tottala: So, now our delivery as a percentage of overall trading volume is lower, but even for that part of delivery, we will need that differential thing so to introduce the mini contract?

Praveen DG: Whether it is mini or main deliveries always happen to be a fraction of total traded volume in any markets, internationally also. Because these platforms are meant for price discovery and you can say that it is hedging purpose.

Lavanya Tottala: Got it, got it. So, we have a question from Bhavesh again, Bhavesh go ahead we have last 10 minutes you can go ahead.

Bhavesh: Sure. Thank you ma'am. Sir this is Bhavesh again from Mosaic, sir any thoughts on resignation of CTO who is handling that role now within the organization or if you have had somebody then or are we looking for somebody for any thoughts around that?

P.S. Reddy: I think the previous CTO resigned for personal reasons and we are looking out for a new one although we have one more as a Chief Digital Officer who has been given an additional charge. And yes, if he himself, you know, is good to have, then we will designate him, but we have to go by a competitive search process that's why we are doing this.

Bhavesh: Okay so currently we have somebody internally who is who has taken up the role?

P.S. Reddy: We have already issued that communication to BSE. Mr. R. Rajendran, he has been given additional charge of CTO, who was former CTO of NPCI.

Bhavesh: Okay, okay got it sir thank you very much sir. And in future how do we manage such critical risk because I was just going through the LinkedIn profile of the earlier CTO and I did see, you know, he had jumped quite a few jobs before getting into MCX. So, I mean two years, three years, what we typically see. So, frankly, looking at his history in the past and then having an exit within two years was not very surprising. So, how do we fix this thing and how do we retain the right talent, how do we identify the right talents, if you can share some thoughts around that, it's a very critical point that the CTO has quit, so do know what exactly happened.

P.S. Reddy: That is right, especially when the project was on I think, we had three CTOs, that put it that way. And, but then because the markets, especially the

technology markets are volatile and irrespective of the age of the technician whether he is a fresh graduate or a seasoned one I think even they are preferring to or moving to greener postures. So, how do we retain, I think it's a challenge for us and I do not have a definite answer on this, but I think as the time goes by, I think they will also see that what is MCX kind-of platforms, more stable platforms, and maybe it is better to stick around, that is the way I think some sense some sense will prevail, that is the only thing I can say, but then how much ever salary we offer that doesn't, you know, that doesn't meet the, doesn't satisfy the people.

Bhavesh: Okay sir, and do we plan I mean is there anything in discussion phase also that we might think of having an ESOP plan at some point of time or is this something which is not on the cards at all right now?

P.S. Reddy: I think KMP's and you know CEOs and others, I mean all KMPs are excluded from getting any ESOPs. Maybe at all if we have to introduce, we have to introduce for other people, that is the way it is.

Bhavesh: Ok. And is there any regulation around this, or this is something which...

P.S. Reddy: That's right. It is a regulation.

Lavanya Tottala: Thank you. So, we have the last 5 minutes, so any of the participants, if you have any other questions. Maybe we can take the last one or two questions. Ok. Maybe I will take this. Sir, I just wanted to understand, on our internal tech capabilities. So, post this transition, do we have or already built up our internal tech capabilities in terms of handling the whole tech transition and even after...TCS will be there to support, but how have we built our tech capabilities, I would like to understand.

P.S. Reddy: Well, the TCS platform being a new platform and then we have entered into a new contract including a 5-year AMC and 1 year warranty period, so I think there is enough time for us to replace the TCS services with our own services. But in the transition period also we have built a good amount of in-house talent. I think they should be able to manage the operations and as we go along also,

we will be taking on additional people to meet the requirement. It's not one fine morning I can say - yes, it's there.

Lavanya Tottala: Got it. So, is the understanding right that over the next 5 years as TCS gave us support, we will also be building our internal tech capabilities to support everything by ourselves, right?

P.S. Reddy: Yes, that's right.

Lavanya Tottala: Got it. Thank you so much Sir. So, if we don't have any questions from the participants maybe, I think we can take it as the last question. Thank you so much sir for your time.

P.S. Reddy: Thank you madam. All the best.