MCX/SEC/2161 November 22, 2022

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

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

Dear Sir/Madam,

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

Sr. No	Investor/Analysts	Date	Time	Annexure
1.	Mawer Investment Management	November 15, 2022	10:30 a.m.	***Annexure - A***

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Further, we hereby confirm that no unpublished price sensitive information was shared/discussed during the said meeting.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 Digitally signed by AJAY PURI Date: 2022.11.22 19:38:23 +05'30'

Ajay Puri
Company Secretary

Encl: As above

"Multi Commodity Exchange of India Limited"

Meeting with Mawer Investment Management

November 15, 2022

Disclaimer:

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

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

Praveen DG: So, I think you have been monitoring our company, right, quite a lot.

Participant: So I think Prakar, would unless Prakar would be – Prakar and Bhaskaran.

PRAVEEN DG: Okay, I met them. Okay, so now it is like gap maybe or after some time you are looking at it.

SATYAJEET BOLAR: So just to give you some backgrounds, we've got Ben, who's from our investments team, he's meeting a bunch of companies. And as part of that, it comes down to me.

PRAVEEN DG: So, is it like we have to start from beginning, since already you know it, why can't you just...

SATYAJEET BOLAR: Yes, there is some background on MCX. He's familiar with and generally in terms of fund background as well, about 50 billion in AUM in emerging market and international strategies. And typically they invest from a 7, 10-year kind of time frame, that's a typical…

SATYAJIT BOLAR: You're saying the long-term investor, so then he clarified also that 7 to 10 years.

PRAVEEN DG: Definition of long-term. Very good, anyways.

PARTICIPANT: I think would be helpful if we just get into Q-and-A, maybe the first one on, just maybe discuss about the ownership transitions. I know you guys were distant in 2012, maybe the ownership transition since then, what changed? Yes, just a bit for background.

PRAVEEN DG: So transition per se happened a very long time back. Now it is history basically. Now it is totally independent. The board is totally independent and we have some PIDs. Some are shareholding directors, then we have MD & CEO and 50% is more is PIDs. That means Public Independent Directors basically. Okay. It is like SEBI have to approve appointment of any public interest directors, while we can recommend some people, but ultimately it is a regulator who will decide whether they would like to appoint whatever - one has a director or not.

So, recently the chairman also has been approved by our regulator SEBI. While 15% still is with Kotak. Kotak is major leading shareholder, otherwise it is shareholding is widely distributed among institutions, banks, then you have other market participants.

PARTICIPANT: And how involved is Kotak in the business of MCX.

PRAVEEN DG: Other than that. But they had in the Board. So if at all, any decision has to be taken, like it is one among them.

PARTICIPANT: And just curious on the market, the industry as a whole, what percentage is exchange traded versus OTC or everything is just on the exchange?

PRAVEEN DG: Currently in India, on the exchanges, SEBI regulated exchanges, only exchange traded products are traded, not the OTC. So unlike if you take any global exchanges where you find OTC products also getting traded and it's cleared by the Clearing Corporation, but in India the products are traded on the exchange platform and getting cleared by their respective subsidiaries, Clearing Corporation subsidiaries. So there are no OTC products per se that are getting traded on the exchanges.

PARTICIPANT: And that's to say that there's no OTC products also on the market?

PRAVEEN DG: Yes, but if you limit yourself to commodities then I think very limited at least maybe one-to-one tailor made would be happening, but at least it is not getting traded on any particular platform, per se. That kind of platforms are not there, OTC traded platforms.

PARTICIPANT: Right. And just curious, how much are these one-to-one kind of direct OTC trades, if I were to classify that way, how much kind of annual values you...

PRAVEEN DG: You are saying size of the… yes. So size is very difficult to say because it is not traded on any exchange. So we don't have the numbers. But some of the recent developments happened to be like the RBI, our central bank said that the gold, whoever wanted to hedge, they cannot go overseas and do it. They have to trade in the they can hedge only in the domestic exchanges in case of gold. In case of other products, SEBI has come out with some LODR regulations, they have amended it wherein listed companies are supposed to make certain disclosures with respect to the commodity price risk. Okay, so given the commodity, what kind of exposure they have it, are they hedging or how are they trying to protect themselves against the price movements in the commodities? So these are part of LODR. The listed companies are supposed to make disclosures to the market.

So it is just to create more awareness to the shareholders as well as to the company how sensitive they have to be there towards the commodity price risk. But unlike gold, there is no mandatory thing that says that you ought to necessarily have to hedge on domestic exchanges. So many of the Indian companies like metals and other people, they main players, bigger ones, they do hedge in international markets. But when it comes to small and medium players, marginal dealers, or if you see the rest of the value chain participants, they come and trade on the domestic exchanges because for them trading on an international platform is very difficult.

One, the size of the contracts are very big. If you take even the London Metal exchange, the size of a copper contract is 25 metric ton, aluminum again 25 metric ton. Where in Indian market it is the size is pretty low in aluminum we have about five metrics ton contract, then zinc again five metrics ton and copper we have 2.5 metrics ton contracts. So relatively they are smaller and somebody can, without necessarily getting into the exchange rate risk and all those things, they can easily they can able to hedge in domestic market.

PARTICIPANT: And what percentage of revenue would be contributions from these small medium sized payers versus large?

PRAVEEN DG: See, generally the trend this is going to be the general trend across the world is it is the day traders and other people who trade on a wide scale basis compared to the real hedgers because hedgers take a position and carry on that position for a longer period of time. But when it comes to the algo players or some people who speculate us, the time they take or the horizon, period for which they want to speculate is going to be smaller. So they very often enter, exit and other things. So if you look at the volume pot, roughly around 40% to 50% is from the algo trading. So rest of them are… but when it comes to the open interest, you can see that 20% to 30% nowadays, you can see that it is going to be contributed by the hedgers. So there are in some commodity the hedgers contribution is more than 30%.

PARTICIPANT: So you mentioned from foreign perspective, 40-50% is over trading and your remaining is hedgers.

PRAVEEN DG: No, it's not. See we don't have the complete pie who are the contributors. Roughly, I'll give you the picture. Like the way we give the breakup is even if you look our investor presentation, we give how much the clientele participation, this is one category. Another is algo or non-algo, okay. And hedgers like I said, their contribution won't be significant. It is like the trading volume wise their contribution won't be significant. But as a percentage to the open interest, their contribution is significant because of the nature of trading, because they want to take a position, hold it on for a longer period of time. That is how they want to hedge their position.

PARTICIPANT: And in terms of a customer profile, like SMEs, smaller companies or smaller participants, so they make up most of the revenues of the company. Is that kind of the larger guys they would just go directly to?

PRAVEEN DG: Unless see, a speculator will not be able to go and trade in the overseas market because our regulations won't…, as an individual, for example, I cannot go and trade in an international market because I can only permit to invest, but I will not be able to trade in derivative products. So that way for the Indian market participants, it is a domestic market, that is a venue where they can able to whatever kind of trades they would like to do, they can able to do that.

Only select people who have the access to the international markets. Then only they would like to go and trade in the international market. So I think even if in the metals, when I'm talking about the hedges who are trading in overseas market, there are very limited participants who are trading in overseas market because in all this market it is dominated by only four or five people, not many players, they so at most these players, they have access to the international market. Otherwise rest of them are all, they look at Indian markets to trade.

PARTICIPANT: Right, so say the top 50, top 100, companies in India…

PRAVEEN DG: We don't have that many, at least the bigger ones. Bigger ones happen to be only some five players, 10 players at least, in some other company, if you take some metals even you won't find as many producers, and this one, very limited players. The rest of them are part of the value chain and they generally put all the trade. They prefer to trade in the Indian market.

PARTICIPANT: Thank you. And just in terms of the revenue model, I saw on there about 70% comes from transaction fees and curious about 70%, but not exactly. So just curious, what is the other portion, the other 30%?

SATYAJEET BOLAR: So we have one is the membership fee that we collect from our member and there's also data fee, the trading data that we give to information like television channels or distributed connectivity charges that we recover from our members. We also have sitting on a net worth of INR 900 crores, so that is an invested in the debt market, accruals for that.

PARTICIPANT: Right. And just maybe could you run through how much does each component is as a percentage of revenue and maybe just want to see the model around there like is it a fixed fee or is it variable, let me just?

SATYAJEET BOLAR: So we charge on members INR 260 per INR 1 crore, up to INR 350 crores turnover, we charge INR 260.

PRAVEEN DG: So, it is like a two-slab system, wherein if you fall on a higher category, you will be paying less. But it is like incremental basis. So like income tax up to this level you pay a higher amount, but after that one you will be paying a lesser amount. So it is up to INR 350 crores on a daily basis. If the member crosses

INR 350 crores, then the transaction fee will come down to INR 175 per INR 1 crore that is on the futures. We have a similar transaction fee structure in case of options also. But options are on the premium, not on the turnover. So there it is like INR 40 to INR 50 per INR 1 lakh of premium traded on the exchange, single sided.

PARTICIPANT: Sorry, can you repeat the number again?

PRAVEEN DG: INR 40 to INR 50 per INR 1 lakh of premium turnover.

PARTICIPANT: Okay. And this is the transaction fee that you charge?

PRAVEEN DG: For options.

PARTICIPANT: How about the membership fee?

SATYAJEET BOLAR: Membership fees is there's an annual subscription fee of INR 25,000 per annum, and then if someone wants to come in as a new member, then he will pay INR 7.5 lakhs as admission fee.

PARTICIPANT: And how about the trading data fees?

SATYAJEET BOLAR: That varies from client to client. I don't have the figures with me right now.

PARTICIPANT: Right. In terms of growth, are these areas especially data…

SATYAJEET BOLAR: Data feed is picking up.

PARTICIPANT: How fast does it grow?

SATYAJEET BOLAR: This year has been a good year for related as compared to past data.

PARTICIPANT: As a percentage of revenues. How much does it represent? I'm just wondering on the annual value traded by segment; I think you have forming classifications of that segments. How fast have they been growing over the past, say like five years? Just in terms of the average daily traded volume for these?

PRAVEEN DG: See what happened means segment wise means it depends upon year to year. Depending upon where the volatility you would be able to see in commodity. One year we could able to see the good volumes witnessed in one segment, say metals, later on in Bullion than in the energy product.

So primarily it is the volatility which determines that which segment really will do good in a particular year. And we have a diversified basket, we have metals and Bullion, energy then agri. So typically what we have seen is whenever one market is cycle, because it depends upon the commodity cycles, whenever one commodity cycle is on the peak, other will be not. Like when Bullion commodities are doing good, you will not find the metals doing that great. Otherwise if it is energy is doing so typically it is like the volume spreads from one to other.

So there is no trend that really you can able to make or that okay, this is the segment which is what is going. But what you could be able to see is the trend is now towards the options compared to the futures. Futures we could see that there has been a slight drop in the volumes subsequent to the imposition of a Peak Margin Reporting System. In India, a concept called Peak Margin Reporting System has been introduced. So Peak Margining Reporting.

So essentially the regulator has introduced this one to ensure that sufficient upfront margins are collected by the members from their clients earlier. Some members used to give some leverage to their clients Intraday. So in order to restrict the members to getting to that kind of providing leverage to their clients, this kind of system has been introduced.

So the members, if at all they are not able to show that, they will look at what is the peak margin during a particular time and during a particular day. And they will see that whether the margin of the client is sufficient to meet these particular peak margins or not. If there is a shortage, it means that sufficient margins are not collected by the member from their clients, then penalty clauses will be triggered.

So after that one, what we could see that one is there has been a relative drop that happened in case of futures turnover. Okay. And the trend there is a substantial increase that we could able to see in case of options. So for a long time we could not see that kind of attraction. But for the past two years, options is phenomenally, doing well. And we started introducing this transaction fee only last year, last October. Given the trend what we could be able to see earlier, we were not charging any fee for options.

PARTICIPANT: And how big do you expect this segment to be and how material will it be to revenues over the longer period of time.

PARTICIPANT: Options.

PRAVEEN DG: So in India what we could see is options are playing a very bigger role compared to the future futures. If you looked in equity market also like 80% around 75% to 80% is from index options compared to futures. But our products can be relatively can be compared with single stock futures and stock options because index per se we do have some one or two indexes out there, but it is still not reached to the extent what somebody can see in the equity markets.

But options in Indian market always we see that market is now very much familiar with the options product Indian market. And unlike in the equity international market, in international market you see that roughly the options is about 20% of the futures market. But in India market it is altogether different. You could see today like I'll give you the yesterday number, it is like yesterday we have done some close to 71,000 crores in options compared to 28,000 in futures. So trend may not be like, but what I mean to say is even if we can grow a multifold of these on futures, that is very much possible in Indian market conditions because options have been well received product by the Indian market participants. But we have to see that how the growth will pan over the years...

PARTCIPANT: Is it globally is 80/20 and India is like 30-70?

PRAVEEN DG: Globally, it is 20% is options over futures, like futures is 100. So hearing it is altogether different. You can see that few options happen to be even higher than three times. But that is a particular day, but at an average also if you can see recent trend is like slightly options are higher than the futures turnover around 30 and 26. Like that I'm saying.

PARTICIPANT: And options are more profitable for you per se?

PRAVEEN DG: Currently I think last quarter we have done some we got the revenue up close to 60 from futures and 40 from options. That is how we got… But if you see that same amount of turnover happens in the options can I get the same amount of revenue from options compared to the futures? Definitely I get a lesser revenue in options if the turnover happens to be the same. So initially we were expecting like it could be roughly 33% of the option. That means if you do 3,000 crores of options turnover that can be comparable with that of 1,000 crores of futures turnover revenue realization wise, premium, not on that one. But what we could see is we are getting better than what we have expected. I think going by that rate roughly around the options and futures turnover happened to be around same thing we could realize 40 60 crores versus 40 crores in options. That's a pretty good realization rate because people tend to trade in more at the money and in the money it depends upon where the people would like to trade.

But people tend to trade towards that kind of contract. That has given us better realization. Right? But one advantage, what we could see in our case is the margins are pretty high in futures market currently, especially in crude oil. Roughly, I can say that it is about 30% happen to be the margins. Okay. And we also have a pre-expiry margin system wherein 5% incremental margin will be charged towards the expiry. So give it is like during the last five days that means the 1st day you will be charged 5% more, the next day 10% more, then 15%. Like that incrementally the additional margins will be, pre-expiry margins will be levied over the 5-day period. So that puts the margin quite high in crude oil, it close to sometime and goes to close to 55%, which is substantially high. So that is where they find the market, find the options as a very good product.

So one is higher margin, algos won't find it a margins, higher margins a challenge, but retail and other people, they feel, they want stability in the margins rather than, what do you say, higher or lower. So in Indian market, since market operates till 11:30 p.m. there is a possibility that always the margins can drastically can get changed depending upon the volatile situations in the international market. So some of the retailers who prefer to have stable margins and other things, they prefer to trade in options because they can buy the options and they pay only the one time premium, they did not have to get into the margins. Only the writer has to, supposed to park the margins according to the situation.

That means depending on the volatile situation in the market. So we've seen some of the buyers who otherwise earlier use it to trade in futures. Some people prefer to trade in options now so that way we could see new market entrants as well as the people who thought the margins happen to be on a higher side in futures, they prefer to operate in the options.

PARTICIPANT: Got it. On the figures to mention how much contribution, in the first half of this year? How much was the options contribution? The revenue contribution from option in the first half of this year.

PRAVEEN DG: We are seeing a trend actually, a full trend value. I will give you the numbers…

SATYAJEET BOLAR: Yes, first quarter INR 27 crores, the second quarter of INR 43 crores from options, comparative figures for futures was INR 66 crores in the first quarter and INR 64 crores in the second quarter.

PARTICIPANT: Sorry the second quarter was INR 64 crores. Okay, thanks. And just curious how internally, big you think this options opportunity will be, like?

PRAVEEN DG: See, we wanted to capitalize on this whatever growth that we could able to see in the options and we wanted to come out with more products on options segment. Currently, one challenge that we could see is in bullion product is these contracts are bimonthly contracts like gold. Our Kg contract, it is a bimonthly contract. Similarly, our silver contracts again, they are also bimonthly contracts. That means you don't have a contract every month, you have a contract the alternative months. So in options, higher the duration then it is like the premium will go up. So the trend that we could able to see is when options are coming closer to the expiry, we could see a greater volume compared to the periods when the expiry is further.

So we plan to come out with monthly contracts underlying maybe happen to be the same. Like we don't want to come out with the monthly futures contract. While we wanted to come out with a monthly contract, introduced monthly contract in between. So there could be two contracts on the same underlying futures contract. Because in India our contracts are all option on futures contract, it is not option on cash. So basically this option contract on expiry, they devolve into the underlying futures contract.

So, what we plan to do is we wanted to come out with monthly contracts, not only in gold, we also planned to come out in silver and silver also happened one by one. So we went to there also we wanted to come out. Besides that we also looking at introducing shorter duration contracts in index and other products. So basically we wanted to tap whatever is the potential that we could see in options growth.

PARTICIPANT: Right… How about in other products aside from commodities? Is there an opportunity there or…?

PRAVEEN DG: See, currently what we want to means our focus is on our technology platform. Because now we are having to migrate from existing technology platform which has been provided by 63 moons to TCS platform. So that transition is happening right now. So our primary focus is on that one. But once we migrate to the new trading platform, we wanted to explore all segments, all the electricity and that is pro commodities. Besides commodities, you are asking other asset classes another thing, maybe we can look at currency, another thing, but it is too early for us to say anything on that one.

Because our focus primarily is on development of our commodities market. And maybe if at all any linkages we find in case of spot markets, physical spot markets, then I think we wanted to get into those kind of markets also. Like we are looking at coal spot exchange then SEBI also has come out with electronic gold receipts market. But there are certain challenges. But I think just we are looking at all these opportunities.

PARTICIPANT: By when will this transition happen, to the TCS platform?

PRAVEEN DG: We already started mocks, shortly we'll be coming out with the parallel runs also after that. But our aim is by end of December we wanted to migrate.

PARTICIPANT: And just in terms of your goal, your long-term, very long-term goal, is it just to be a domestic specialist or compete in the global league set?

PRAVEEN DG: Currently we are not that keen to go over this because we see a lot of potential is untapped within domestic market. Recently, one of the recent development happened to be like foreign portfolio investors have been allowed into domestic commodities market. So currently SEBI allowed them in cash-settled commodity market. It's a very recent development. So once this transition happens, we will aggressively take it up that one also, because we see good potential there also.

PARTICIPANT: Okay, thanks, I'm think just curious, look at the end report, I see many partnerships and alliances globally. How important is that to running the business?

PRAVEEN DG: See, today some of them are just knowledge sharing agreements. It's more of MOUs kind of thing. But with the CME we have a licensing agreement where we take their prices for settlement of our contracts, which happen to be crude oil and natural gas. In both the cases, we take their prices for settlement purpose and we pay some licensing fee to them.

PARTICIPANT: Thanks. And just curious from the explicit trading cost would be the fees just how about implied trading cost? Just curious, how does that look like over time?

PRAVEEN DG: Trading cost?

PARTICIPANT: Yes, I mean, for a customer, for example, if I trade, the explicit cost is the amount of fee I pay you...

SATYAJEET BOLAR: There is some government taxes, CTT, Commodity Transaction Tax…

PRAVEEN DG: So you're telling for a client or?

PARTICIPANT: Because there's other factors like...

PRAVEEN DG: In India it is very, quite high compared to any other market, because we have something called Commodities Transaction Tax, which is INR 10 per lakh on the sell side. Then we have stamp duty. Stamp duty is around INR 2 per lakh on either side. And then we have GST, which is 18%. And what we collect is very marginal. So, whatever taxes that government receives is significantly higher.

SATYAJEET BOLAR: So you said INR 10 per lakh is.

PRAVEEN DG: CTT digit on the sell side, Commodities Transaction Tax and then INR 2 is stamp duty.

PARTICIPANT: Okay.

PRAVEEN DG: This is on either side and you also have GST.

PARTICIPANT: Right. And how in terms of the indirect cost coming from lower liquidity.

PRAVEEN DG: Impact cost, sometimes we have seen that we are lower comparatively even with the global exchanges. But because our tick size is very less, in case of gold, for example, our tick size is only INR 1 compared to the global market. It is some cents per ounce, but when you convert it, it is going to be lesser. So on occasion you will see in case of gold, less then it ranges between INR 5 to INR 10 per 10 grams for a price of around INR 50,000. It's pretty good. But if you look at market depth, how deep it is, that is a different thing. But because first five levels is very good.

PARTICIPANT: So what do you mean by first five levels?

PRAVEEN DG: Price quotes. Because price depth, if you see it like how deep is the market is one thing that you can always look at it. But what I'm saying is when you look at the screen, first five quotes, you will be able to see it. So, there I'm seeing these are very tight.

PARTICIPANT: And just looking historically, I mean, the business looks great, you have awesome market share. I'm just looking at the last five years in terms of revenue growth, it's not that much. So just curious what happened and what are the challenges to process.

PRAVEEN DG: So this five years, what I can say that not the five years. In fact, FY19-20, we have done very good volumes. It's during the COVID time is one thing that we had a setback and after that. So the one reason is it's not because of the COVID, but it's mainly because of the crude oil which went negative. So that led to substantial increase in the margins that happened in case of crude oil and also the peak margin reporting which have been introduced. So, initial period, I think before what we could see the transition that some people started trading in options. During this particular period, we had the witness to some drop in turnover, in futures turnover. So, one more aspect also what you can see is in 2019, the regulator told us, you cannot have multiple variants in metals and other contracts except bullion, you cannot have multiple variants. Earlier we used to have main and mini contracts in metals. Like for every contract, we used to have a main and mini. We used to have even crude oil main and mini. They were all very good liquidity drives and they could see a lot of liquidity.

You could see a lot of liquidity in all these contracts. But regulator has said that you cannot have multiple variants. You can decide on the trading lot, but you cannot have multiple variants because the regulator felt that multiple products can lead to liquidity diversification. So, because in order to have liquidity in one product, they wanted only one single product in the single commodity. Also what they said is your trading lot and delivery lot should be same. So earlier what we used to have in some of the products means we use it to have a higher delivery lot and lesser trading lot.

So people, whoever wanted to trade, they used to trade whenever they wanted to go out of the market, they could be able to square off and do it without getting into the delivery aspect. But now, because of that condition being laid, like trading unit and delivery unit, we had to increase the trading lot of some products like copper, which earlier we use it to have a one metric term contract and a mini contract of 250 kg contract, that we have to increase it to 2.5 metric tons.

So there is a big jump that has happened in case of copper contract. Similarly, in case of nickel contractors, earlier we used to have 250 kg and 100 kg contracts nickel. Now we had to come out with a 1.5 metric ton contracts. It's a substantial increase in the size of the contract that has also impacted the performance of these contracts.

PARTICIPANT: Okay. And all these happened in 2019.

PRAVEEN DG: Yes, because 2019 in the sense, progressively we have shifted to cash-settled contracts to the compulsory delivery contracts, because earlier metal contracts were all linked to the London Metal Exchange, similar to the type of agreement that we have with the CME. We had a similar to the type of agreement that we have with the CME, we had a similar contract with LME to take their prices and use them for settlement purpose. But because of all these regulations, because the regulator said that unless the delivery is not practically not possible, you cannot have a cash-settled contract so that necessitated ours to convert all metal contracts into delivery-based contracts.

PARTICIPANT: And so for the peak margin reporting, when did that happen?

PRAVEEN DG: They are introduced in a phased manner, you can say that towards 2021, it is all in each quarter they have started increasing it. Initially they said that at least 25% of the peak margin, then 50%, then 75%. Like that 100%. So now it is completely, it is already 100% now. So I think for the last you can say last year we can say that we have completely witnessed the impact of the peak margin report already.

PARTICIPANT: Okay, got it. And maybe just moving on to capital allocation, just wondering how would you, what are your thoughts on capital allocation?

SATYAJEET BOLAR: Yes, dividend policy, we have said that we will pay 75% of what we earn as dividends. And once we complete our transition of this technology platform, we need some money because SEBI has presently allowed co-locations in equity market. It's not yet come for community market. So you need some money for setting up the co-location. And if we have to set up a subsidiary company, then we'd also need to take care of the net worth of those company. So we need some cash with us.

PARTICIPANT: And how much cash will be needed for that co-location?

SATYAJEET BOLAR: So, SEBI is not come out with its guidelines, so that's why we won't be able to comment on it, hopefully that they'll come with some regulations for commodity market.

PARTICIPANT: Right, okay. What M&E is that on the cuts?

SATYAJEET BOLAR: Not really. Presently nothing, but nothing, unless you have some news.

PARTICIPANT: Okay. Is there room for people to acquire you, is, like, say almost 50 or…?

SATYAJEET BOLAR: …Have holding, see, in India we are the market leaders, so if anyone wants to acquire it, it would be for the commodity segment.

PARTICIPANT: Right.

SATYAJEET BOLAR: So, that is the value that we'll bring to them.

PARTICIPANT: Right, okay.

SATYAJEET BOLAR: And the ecosystem, it's not easy to set up a commodity exchange.

PARTICIPANT: Yes. But is that possibility for like the owners, decide to… give up the 15%?

PRAVEEN DG: Regulatory wise it is not that easy to… there are certain rules and regulations so that the share pattern and...

SATYAJEET BOLAR: The maximum cap is 15%.

PARTICIPANT: Right, okay. And just maybe could you just discuss about the key things that keep you up at night?

SATYAJEET BOLAR: Just mentioned… the platform. The migration.

PRAVEEN DG: Other thing could be like this kind of unprecedented events, anything can happen. Platforms like, crude oil went negative, nickel margins went beyond 100%. So that can have a long-lasting impact because in our case, our settlement guarantee fund is dependent on stress test and that is based on 15 years historical prices. So even if some incident happens sometimes, still it can continue to haunt us.

PARTICIPANT: How about any regulatory risk you reflect on?

PRAVEEN DG: That's what I mean, these are all regulatory risks because there are certain peak margin reporting is something which have been introduced, anything of that sort, but I don't foresee right now anything because this itself has come as a surprise, peak margin reporting

PARTCIPANT: For the contract, value, etcetera, side, regulatory wise, it's largely done as you're saying.

PRAVEEN DG: Yes, currently, whatever, we don't see any, but I'm telling if some flexibility is given, I think we can further look for more. Like mini contracts can come out in some of those.

SATYAJEET BOLAR: Also, you have to take, you have to get approval before you launch anything.

PARTICIPANT: In terms of competition, like…

PRAVEEN DG: We are not that worried about competition.

SATYAJEET BOLAR: Because they have been in, from 2018, it’s been opened.

PARTICIPANT: NSE got in 2018, right?

PRAVEEN DG: They've been doing the market making and they are not charging any transaction fee. So we are charging, continuing to charge our futures and options.

PARTICIPANT: It's like, BSE tries with NSE and it doesn't work. NSE is trying with…. unlikely.

SATYAJEET BOLAR: Once you get that liquid, it's very difficult to exchange…

PARTICIPANT: …it's naturally monopolized.

PARTICIPANT: I have it just curious. Anything you're excited about or you want to share?

PRAVEEN DG: Like I said, once we come out, once we migrate to the new trading platform, I think we can look for more products and product variant, innovation, and all those things can be quite possible.

PARTICIPANT: Right. Okay. And just currently, some of these products in equity space its start their own, NSE like options, futures and stuff?

PRAVEEN DG: No, I didn't get you.

PARTICIPANT: Like most of the current contracts or futures options contracts for the equity market, are they being traded at…?

PRAVEEN DG: It is in the, NSE is dominated by equity, F&O segment, futures and options. The cash market also is very good because in our case, cash market is a different segment, F&O is another segment then currency derivative segment.

PARTICIPANT: Who's the current leader in those segments?

PRAVEEN DG: NSE.

SATYAJEET BOLAR: In equity market, its NSE.

PARTICIPANT: So in order to go into a new segment, you have to compete and rebuild everything in equity.

SATYAJEET BOLAR: In equity, I don't think it would make sense.

PRAVEEN DG: In equity, it won't work, but currency, in the long run, definitely we have to look at it because there is a great synergy between these two markets, commodities and the currency.

SATYAJEET BOLAR: Equity, then you have to, we're spending good money for a loss recover.

PARTICIPANT: Yes. Thank you. Thanks. It was a very good insightful. Thanks for sharing.