

MCX/SEC/2141

November 09, 2022

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

**Scrip code: 534091, Scrip ID: MCX**

**Subject: Transcript of calls with Investor/Analysts**

Dear Sir/Madam,

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

<b>Sr. No</b>	<b>Investor/Analysts</b>	<b>Date</b>	<b>Time</b>	<b>Annexure</b>
1.	PPFAS MF, Nippon India MF, Franklin Templeton	November 01, 2022	12:30 p.m.	<i>Annexure - A</i>

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

Further, we hereby confirm that no unpublished price sensitive information was shared/discussed during the said meeting.

Kindly take the same on record and acknowledge receipt.

Thanking you,

Yours faithfully,

**For Multi Commodity Exchange of India Limited**

**Ajay Puri**  
**Company Secretary**

*Encl: As above*



## “Multi Commodity Exchange of India Limited”

Meeting with PPFAS MF, Nippon India MF, Franklin Templeton

**November 01, 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. P.S. REDDY – MANAGING DIRECTOR AND CHIEF  
EXECUTIVE OFFICER  
MR. SATYAJEET BOLAR – CHIEF FINANCIAL OFFICER  
MR. D.G. PRAVEEN – CHIEF RISK OFFICER**

**Moderator:** I have a question on this, now this FII's is now allowed to trade in exchange, in MCX, so what is the status right now like how many of this FII's are active and will this FII'S need a separate registration for trading in MCX or the existing registration which they have the SEBI that will do?

**P. S. Reddy:** As I understand that no separate registration is needed, but we will be creating, when they are approached by a broker, they will create their UCC and all that kind of thing we will do that, and second thing is so far no FII is allowed to be traded so no trading is taking place. Currently also we are not pushing it because we want our migration to be completed, once the migration is complete then we will make it active. In fact, some of the members also who are international in terms of their reach, even they are waiting for our new software to be launched so that they can develop their systems based on the new application. So, our focus is fully on making it live, this new TCS platform. That is the reason we are not pursuing it, maybe it is a matter of two months, that is the way I look at it.

**Participant:** What do you think will incentivize will FII's to trade in MCX? I think there are big liquidity exchanges which are available globally, so what are the incentive for them to trade over in MCX?

**P. S. Reddy:** I mean this often people ask this why do they come because metals are available in other exchanges, crude is available elsewhere, etcetera, etcetera, so, but the arbitrage opportunities are not identical across markets. In our market the arbitrage opportunities at times looks better that means from near months to far month contract between the two the spread is maybe 12%, 15%, etcetera, then obviously people would like to buy in this and then sell it in the next month or maybe a month later. So, that gives us good return on their investment this is one especially the delivery based contract, it is doing well. And the second which is equally important is, I think this helps them in terms of amalgamating the books of trading, that they do it in international markets and Indian markets. So, there will be at times they will

incur some loss in other market and then profit in this market and some of them are, maybe, doing that kind of business, but then they have to show it to separately with this integration we will be able to show all of them together, you understand? The consolidation will be permitted; from the taxation point of view it makes sense to them.

**Participant:** You have also mentioned that there is some GST related issue which FIL's could face, can you please elaborate, like what is the issue?

**P. S. Reddy:** For doing this arbitrage business for they have to take delivery in this current settlement and then sell it in the next settlement, or whatever the settlement they are selling it. So, when they are taking delivery, they need to have GST registration, otherwise they won't get that benefit when they sell it off. So, that is the issue that we are currently facing. Have I made myself clear?

**Participant:** Yes, sir. Is there any issue like, I mean, in getting our GST registered because...?

**P. S. Reddy:** See, there is no registration issue as such, but since we have multiple delivery centers, they have to go on registering multiple states. So, that is going to be a pain. And then they have to file every month the reporting, whatever the requirements are there, and merely playing in commodity markets they have to engage, I mean they have to do so many things, whether that interests them or not is a challenge. That is what our issue is. We are looking at alternative ways of doing it, let us see.

**Participant:** And, secondly with this TCS platform, sir, what is the status right now? Will TCS manage both the backend as well as the frontend, or currently is 63 Moons managing both the backend and frontend, how is it working?

**P. S. Reddy:** I will tell you the current and then juxtapose with the TCS. 63 Moons does not give any L1 support. L1 support means actually day-to-day operations of the systems etcetera, that is our own team is doing it. If there is a problem, then it gets escalated, if our people are not able to resolve it. Then we escalate it and they give a work-around fix, whatever we call it they do that. So, going

forward the TCS will also give L1 in addition to L2 and L3 and they give L1 support also, until our people get trained for a year, they do that. So, obviously once since it is a new platform their own developers and all that will be a part of this particular process and they will know what to do, how to fix, their understanding will better by the time our people also get trained in that.

**Participant:** But, is it managing both the backend as well as the frontend? I mean, I believe there is some.....?

**P. S. Reddy:** Different teams will be handling it.

**Participant:** No, it is only backend, frontend is you have....?

**P. S. Reddy:** Frontend, backend in the case of brokers it comes through, for us there is nothing called backend and frontend.

**Participant:** So, I mean since I think this is on the public domain so I just wanted to know about the extension of this 63 Moons contract and if in case it so happens that TCS is not able to deliver by the scheduled date, what is the impact on your profitability going to be and how much have you spent currently to extend the contract, so how are the numbers shaping up on that front?

**P. S. Reddy:** Well, I cannot give the numbers on it, but is as I said, it is an exorbitant sum we paid for the quarter. So, we are all toiling to make this TCS platform live before this end of this December and, what happens if it does not happen, and what is our plan, that's there, but then it is not good to discuss any of those things. The financial impact will be felt only in this quarter for whatever the agreement that we have signed, with agreement or whatever the arrangement that we have agreed with 63 Moons it will be held, it will be felt in this quarter. But we can't give any number or anything like that.

**Participant:** So, considering you have paid an exorbitant sum, say for instance, if they are not able to deliver beyond the scheduled date as well, would TCS be liable to pay any sort of penalty or this amount which you have paid to 63 Moons,

would it be kind of deducted from the amount which you will be paying to TCS?

**P. S. Reddy:** See, there are penalty clauses are there. When we have signed an agreement, we do not foresee a situation that 63 Moons extra we will pay, and then we will deduct it from them. So, based on the contract value, on contract side there are penalty clauses. So that anyway will be looked at the time of whatever final delivery or final go-live. So, we have not made payments to TCS, no substantial payments are done... there are milestones for payment. So, as and when those ones are kicking in, at that time we will examine it, but it is too early for me to say, whatever, we are paying to 63 Moons full amount can be deducted I don't know. I do not think that kind of clause is there anywhere.

**Participant:** So, basically what I wanted to know is, again, how are the payments going to happen to TCS or over what period would you be amortizing the cost, because obviously, these costs are going to be capitalized, so what period would you be capitalizing and how the payments so will there be an upfront and will they be a trail sort of fee in pay to TCS?

**P. S. Reddy:** As far as TCS payments are concerned, one is the post-goal up to go-live, up to one year we have the initial payments which have to be made, whatever that there has been agreed. Thereafter AMC kicks in. AMC is for every year. So, once the payments are done maybe it will be amortized over a period of five, six years....

**Participant:** So, you are saying the period one year after you go live that entire amount will be amortized over a period of five, six years and post that, it will be AMC.

**Satyajeet Bolar:** No, what MD is saying is, that what we are going to spend for the project would be amortized and then, once we go live, there will be one-year warranty period. After the one-year warranty period, the AMC will start kicking in.

**Participant:** Okay so basically till the time you go live whatever amount you have spent to acquire the entire contract, that amount will be amortized post that AMC.

**P. S. Reddy:** That is right.

**Participant:** Fair enough. So, again like now I mean the situation is such that the futures contract which brought in substantial amount of revenues, we have seen a kind of a slowdown, cannot say slowdown exactly, but there has been a shift towards options. So, how far do you think would this trend continue because if the margins in these futures contract they start reducing again, do you see a shift happening from options to futures again, and would you be okay with that kind of shift happening again towards futures.

**P. S. Reddy:** As I told you, I will break this issue into two parts. One is that - is there any migration or it's a kind of a cannibalization, futures versus options. Now, assuming that is happening - if that happens three times more than the futures, then our revenue is protected - that is a very conservative rule I am talking about because we have already said that the options quantum if it is three times the futures then we will get the same revenue. Realization is more than that, that is a different matter, but I am talking about conservative way. So, one is that, if it is happening it should happen this way then we will be protecting. Number two, whether really cannibalization happens then where will the option writers go because, they also need to hedge and our options are options on futures, anyway they will be devolving into the underlying futures. So, there should be a liquidity enough to for them to devolve also. So, it is not that the futures will vanish and the pricing is also determined on this futures prices also. Options when somebody is looking at it what is the underlying futures price also is being looked at. So, they have to be very live then only the options will grow and the liquidity should be reasonably good. So, I do not think that futures will dry up, that is what my view is.

**Participant:** So, basically for an options market to thrive there has to be futures market which will have to exist, coexist basically.



**P. S. Reddy:** That's right. Because the overseas options on futures, not on options on commodities.

**Participant:** Correct, got it, fair enough. And what about the gold spot exchange which you are trying to launch. I mean what is the status on that?

**P. S. Reddy:** See, as I told, that unless the GST issues are resolved, you are talking domestic gold spot exchange, I suppose. So, if GST issues are not resolved, I do not think it will really fly and in any case unless the TCS is out of this delivery, whatever that is, CDP project, they will not be taking it up. So, we expect maybe sometime in the month of January onwards they will start working aggressively on that project.

**Participant:** So, why has there been a delay from the government-end on these issues regarding the GST, because you have been talking about these since almost a year. That is the reason why the gold market is not able to grow, so why is government not acting on it?

**P. S. Reddy:** I do not see government is not acting on it. It is not just a central government which has to decide, state government are also involved. So, it is bringing all of them on one consensus is a challenge because, if they say that all transactions on the exchange will be IGST not the CGST and SGST, some of the states may lose. So, they do not want that loss to be suffered by them. So, they will ask for some compensation, they will ask how big is going to be the volume all that. I do not think they would like to travel by that path.

**Participant:** Okay, got it. Just a last one so basically we have seen over say past 8 or 9 years the volumes have been growing, then again there is like a plateau period, it dips then again it grows. So, we have not seen the kind of growth happening in the Indian market in the commodity space, at least so for the future markets to grow what are the things which according to you should happen in India from a regulatory perspective. You know we would say the shorter term contract or some initiatives taken by the government, so what is it that in your opinion that it is lacking the Indian market which would enable the commodities space to grow?

**P. S. Reddy:**

See, currently our markets whatever the futures we are doing it without a very strong base of the spot exchanges or spot markets for this. Spots markets are highly unorganized at this point of time. So, we need to have the spot markets to be developed better. Second people started hedging on the exchange in the case of gold because RBI said that gold is not permitted to be hedged in overseas market. Now, something of that regulatory which comes to us then things will start happening that is the second one. So, we are looking forward maybe if the government says that the banks and if the banks are insisted either consumers or people who are borrowing must hedge their commodity exposure or banks themselves allowed to expose the commodity exposure okay and I think unless those thing happen this will still struggle and then grow organically not otherwise then the third the dimension which I expect to happen is that GST kind of issues have to be resolved okay it is very crucial for our growth. Now, to the extent when we want to expand across the country for setting one India one price kind of thing I mean that is the ambition also then we will start opening multiple delivery centers. The moment you open multiple delivery centers then there will be lot of what you call the GST issues will crop up the only one center then only one registration is needed, but because the buyer does not know where he will get the delivery if he has to. So, that is the way it is happening. Now, we are looking at the derivative platform essentially as what you call as a financial hedge platform. If you had a thorough what you call a robust chain of spot exchanges probably people who want deliveries will go to the spot those who want to hedge their financial basically will come to this exchange. For today this is the only destination for everybody. If somebody is able to plan their delivery or when they want the metals and or other products which are getting delivered they can they are all coming to the exchange, buying it maybe two months before or one month before and then trying to take deliveries which is not meant for. Honestly the derivative exchanges are not meant for deliveries. It is deliveries only at threat then the prices do not behave in a manner that spot markets are directed to. So, these are the key things that are needed for the growth of this.

**Participant:** And anything specific from your end be it in terms of contracts needed or any specific suggestions you have had?

**P. S. Reddy:** Well, the current dispensation provides I mean certain issues are pending with SEBI and once they are like for SGF I told you and the dynamic contribution and their withdrawal that also helps us in reduction in margins etcetera and we should reduce the cost of trading that is another important one you know like for example CTT or STT all these adds to the cost of trading and some of the big players they would like to have what you call line of credit for day-to-day pay in and pay out kind of things under those facilities are not available to trade on the exchange that is another major what you call major factor which is distracting the people from attending for participating.

**Participant:** So, how much of cash would be available on your books I mean keeping aside SGF and all the regulatory balances side? This is just available MCX to use like for any purpose?

**P. S. Reddy:** That is right.

**Participant:** Got it, got it. Thank you so much for further questions I will come back in the queue.

**Participant:** Just a couple of questions from my side just a follow up to the on the contract bit right, is there a case where we also plan to let us say if TCS takes another month or two it will deliver outside of December so let us say it goes into January or February right, is there a case where would plan to be without a tech vendor is that something that we would have discussed internally because I just tension that we did on last day right we were still looking at supporting all of that by ourselves.

**P. S. Reddy:** Your voice is breaking we could not hear towards the end.

**Participant:** Is this better now?

**P. S. Reddy:** Yes.

**Participant:** So, the question is essentially that is there a case where we even plan to be without a tech vendor even let us say in January, February if TCS does not deliver by that time, is that even under consideration or not?

**P. S. Reddy:** See we were evaluating all those issues it is not again we did not approach the 63 Moons well in time, we went in August itself and so we got their quotation in August itself from 63 Moons, it is not the last minute we have done this, but what actually happened in the last minute, but then we have considered it, then placed before the SCT and all that and for whatever the discussion that happened we could not move forward much on that, but again we tried alternatives also to servicers to support ourselves and so all those plans we have put in place, plan B and other things and when something did not work towards the end of there was some problems that is where we faced the challenge that was the reason we had to rush, but that apart. So, will TCS be able to deliver or not my sense is that as we are speaking we are doing what you call UAT user acceptance test on TCS platform we are likely to go for mock in this month itself and so let us see how it will progress and it is too early for me to make any estimates on this or early, but obviously our board is very clear they will not wake up later nor management will wake up late. We will go well in time to the board with whatever the issues that we are facing.

**Participant:** Let me just phrase this is that even under consideration of not having a tech vendor is I get the point that we will obviously try sort of secure a vendor as soon as possible and TCS is pretty much under control, but I think these type of things that at times invested reveal up a very different view then what you have today, so is that even a thought or are we preparing for it for that worst case or you know by hook or crook we will still secure?

**P. S. Reddy:** You are talking of a very hypothetical question this is where I do not want to get into be any dragged into controversy and all that kind of thing. I would cross the bridge when we reach that is the way I do not want to.

**Participant:** Okay fair one it is because the only reason why I am asking is I have worked with similar companies these contracts, these project tend to be delayed by even 6 months to year or two years or there is little that I mean there is little that we can do that beyond that right so that is essentially when a question comes fair one the second thing I just wanted to understand is on the partnership bit right you have talked about on the conference call how obviously futures have some two and half lakh odd participant that you talked about and you got minimal overlap, but incrementally you get people let us say the customers or the traders that you are acquiring, is it incrementally largely happening on the options platforms or you see enough traction on the future bid as well as across contracts?

**P. S. Reddy:** Yes, it is largely happening on the options no doubt about it.

**Participant:** Fair enough so to that extent I think the sort of weaker future volume might just sustain for a fair bit amount of time, but options obviously will look like option will continue to sort of provide a good offset or growth drive essentially and that essentially what you would expect as well, is that a fair assumption?

**P. S. Reddy:** That is what I am saying it as I said even if futures are not doing well it is the options have taken over and then as long as three times the future then that is good enough for me that is what makes moneys is important.

**Participant:** Absolutely.

**P. S. Reddy:** And just across contract if you could just help us understand see the bigger cost when I talk to couple of traders and essentially the cost of trading is something that you alluded to the last participant right, also wanted to understand across contracts where do you think there potentially for cost to go lower either by launching a new contract either by margins going down there is a potential of margins going down or some other medium where cost can go lower which essentially should drive volumes up, if you could just help us understand I think that will be a useful piece to understand how volumes can shape up let us say over the next three years.

**P. S. Reddy:** See most of our cost are by and large fixed cost, the employee cost etcetera. It is irrespective of the contract. Wherever there is a variable cost especially for the CME that we pay based on the volume after beyond a threshold with regard to what you call crude and NG there is nothing which is linked to the volume. So, any new contract that we launch it does not pull down or push up the cost that is the way it is that is just gets spanned out. So, if you look at the average cost will go down if the contract also does well because it is a fixed cost structure. It is not linked to any single contracts.

**Participant:** No, so what I was trying to understand is like for example in gold the day we launch a gold mini and a gold monthly contract that is clearly where we are lowering the cost of trading just in the gold and that is the last commodity for us as a country as an exchange as well, is there anything similar that can happen in the other contracts?

**P. S. Reddy:** Cost economically make me more meaningful to the participant is what we are talking about so it is correct. So, maybe some of the contract requires maybe a bimonthly contract. In the case of options this consideration will come, but when it comes to futures this consideration may not come because the bimonthly contract at times may facilitate what to call hedging for two months at a fixed cost is what we are looking at it. For example, currently we have a cotton contract which is monthly there is a glamour for making it a bimonthly contract because on ICE it is a bimonthly contracts and price comparison also to that extent becomes easier also for the participants. So, it all depends on what contract you are talking about if it is options yes a monthly, weekly or fortnightly will keep on reducing the cost and that is the way it is.

**Participant:** And is that anything which is under consideration or you started slowing something where there could be demand?

**P. S. Reddy:** Not too many option contract we have. We are approaching this carefully and gradually because there is also kind of if weekly options are there in equities probably people think that is an investment, but then if it is a weekly options...

if they manage the perception and that is the way at this point of time. So, we are carefully treading this path, but yes we will reduce the participation cost to the....

**Participant:** And from an energy perspective I mean decent volume within the energy, is there a case where you can sort of reduce the marginal requirement or is there a case where margin requirements can go down essentially sort of result in higher volume or maybe people shift towards options just because of the higher margin requirements is there a possibility?

**P. S. Reddy:** In fact, margin requirement reduction there is a case for reduction as I said the SGF is linked to that is why we are waiting for the decision making, but if there is a reduction in margins obviously the futures will definitely pick up okay and not so much options it does not impact so much options, but option writers is anyway options or future business they pay the same margin.

**Participant:** But on, on the margin that on energy is there a timeline by which the margin requirements can come down and what....

**P. S. Reddy:** It is a regulatory requirement so I cannot put in a timeline for regulators when they should decide.

**Participant:** And just lastly in your view what would you think is the key driver of volume side one is volatility and that I think is talked about times again in the call, but is there any other participant which can come through, which can drive volumes up significantly for us or you think that volatility is one and then the other is that you are talking about the different contracts that you launch and that is pretty much a nothing can be done on the participation side?

**P. S. Reddy:** Products and then participation are two other dimensions. So, participation wise that we are looking at mutual fund industry also to launch some new products based on our commodities. So, some discussions are based, and let us see how they are actively engage SEBI what we can do products in the mutual funds so that the unit holders also get exposure to commodities and make some money out of it.

**Participant:** Sir can you tell us like after this software transition is done, how much overall cost saving would be possible versus the current cost structure like I understand including the amortization that we are talking about how much could be the improvement in say EBITDA margin in like-to-like basis?

**P. S. Reddy:** Well, I cannot give you a figure around that, but then as I told you for first few years there will be some apart from amortization cost there will be a licensing cost also, some of them are there. So, net-net it may work for some time okay as if it is the same.

**Satyajeet Bolar:** Also, there would not be any variable cost as far as our present structure I mean till September we are paying a variable cost based on our transaction charges to 63 Moons so that will not be there, we will be just paying them in AMC, we will pay in TCS or AMC, but as MD said in addition to the AMC we would also be paying lot of license cost software license cost we will not say is another operating cost once the new system goes live.

**Participant:** So, basically if volume stays as it is as of today than we do not expect any operating leverage improvement because of transition, but the volume goes up then possible then there would be some operating improvement that may come. Secondly if I look at the operating other operating revenue I understand you have specified in the call that you have change your investment book slightly, but other than that was there any other one off in the other operating income which is not going to repeat?

**Satyajeet Bolar:** As I mentioned, basically the other income consists of treasury income and also we have entered into an agreement with Chittagong Stock Exchange. So, there is some technical fees during this quarter and also some recoveries that we make from MCXCCL. So, these are all the routine, there is no one off transaction.

**P. S. Reddy:** But do you mean Chittagong Stock Exchange it will end in about maybe in two quarters or something like that so you will not have any impact much thereafter, but more importantly yes the written down our investments will hence forward look better as against what we are currently getting it and it is



undergoing a metamorphosis in that sense and lot of portfolio will be in held-to-maturity kind of thing.

**Participant:** Okay.

**Satyajeet Bolar:** I think we keep in mind that June was a bad quarter for fixed income while September was better than June so that automatically give a boost to the portfolio and as MD said the shift a substantial portfolio of a mutual fund investments to SPL where it is in now held-to-maturity I mean to mark-to-mark does not impact us it is just on accrual basis.

**Participant:** Can you highlight some of the things which SEBI will look at during your technology transition like what are the because I think you are running too parallel software one is in the UAT which is the TCS otherwise the 63 Moons, so how does this SEBI looks at the technology transition like can you highlight some of the data points which it looks?

**P. S. Reddy:** I did not understand.

**Participant:** Sir there are two parallel software which are running one is TCS which is where you are saying it is UAT is already happening then there is 63 Moons where you already have. Now, when there is a transition from 63 Moons to TCS obviously I believe that SEBI will look at the transition like whether it is going smoothly, so what are the thing that SEBI looks at before it gives go ahead for the technology transaction?

**P. S. Reddy:** See SEBI does not give any go ahead for technology transition or anything like that. It is the responsibility of the exchange to ensure smooth transition takes place and members are all the whole ecosystem is migrated to the new platform. So, as a part of this apart from UAT we need to do the mock trading and parallel runs. So, in these two things we will have to do all that and the results of those things should be a consistent, reliable and working you know as much precision as the current system is working if not more and also we look at what you call a nonfunctional requirements in terms of latency numbers, in terms of volume and throughput what is coming and going out

and what is the speed all those things are already under control In the sense they all have been tested and then we have examined all the things I mean it is nothing to do with the TCS versus 63 Moons; 63 Moons is anyways it is running the usual show or the entire focus is on the TCS. Now, while UAT is a smaller version of it essentially the functionality is what is being tested we have a DC and DR a new servers and everything setup is ready and we will be hosting this application there and then asking the members to log in and then do the mock and on another system we will be doing the parallel runs. So, that we will pump in the data what is currently the trades or orders that are flowing through the 63 Moons pump in there maybe end of day whatever it is and then see whether outputs are all correctly coming, members and files and all that is all the matches are happening or not and then if the reports are correct then it is done that is the way it is and it is not one day exercise it has to be continuously we will be doing it for a long time in this two months.

**Participant:** Just one follow up I think just pardon me for my ignorance did you said that you will have this data center and data recovery center, so this belongs to MCX or there is some agreements with us 63 Moons?

**P. S. Reddy:** They are our own. Our data center is in our building another one is in Gandhinagar all that kind of thing. This is nothing to do with that.

**Participant:** So, all the data belongs to MCX so at the time of transaction we just have to make sure that there is a consistency on that so I think transaction challenge would be taken care by the TCS and we will be monitoring whether it is consistent or not?

**P. S. Reddy:** And if we have already migrated I mean whatever the UAT that is happening is all using the line masters. We incorporate from the current member's master, user's masters, scripts masters, all those things are migrated to that and that actually in the live scenario whatever is there then that is the UAT that is happening of course only the trades are the fictitious one obviously the UAT users will be putting that. Once it is done then you will migrate it and then expose it to member brokers and members also used the dummy data

obviously. They will enter as if they are doing a live trading and then output come then after one fine morning they clean it completely the TCS not the master but then every other thing then they will migrate the open interest and other things from this system to there.

**Participant:** So, actual trading we believe it is likely to happen in say Q4 of FY23 Quarter 4 of this financial year?

**P. S. Reddy:** We are planning to go live in this quarter towards the end we have not exactly specified when exactly the date is once we get each one is to be the decision has to be taken based on the previous test that we do it. So, when we go mock and then how it is doing in the mock we will see then accordingly the next thing will be decided.

**Participant:** Understood sir. Thanks sir that is it from my side.

**P. S. Reddy:** Anything else from anybody.

**Participant:** Sir just one or two things from my side although I will not dwell much into already we have spoken a lot just wanted to understand just one thing the payment to the TCS that you are doing you said it is milestone driven. So, the development has started almost it has been two years now, so would we have incurred bulk of those cost in last two years or post the transaction there will be a bulk that will be coming in for us?

**P. S. Reddy:** You have not incurred bulk of the cost in fact it is a small sum I would say maybe I mean we have incurred the expenditure on the servers and others because hardware has taken place so all that has been done.

**Participant:** Understood and post this completion and transaction of the software the remaining cash that will be there on the balance sheet, is there any thought process by the management to focus on the ROE and to probably think about a special dividend or onetime payment or that is too early to talk about it/

**P. S. Reddy:** Yes, it is too early to talk about. I think we will wait because we have already said that there are various other plans that exchange is pursuing it and we

need to collocation and who knows SEBI will say that start collocation then you need to invest there also.

**Participant:** Understood sir. Thank you so much sir for your time today and I think it was pretty insightful and thank you everyone for joining in.

**P. S. Reddy:** Thank you so much.