

MCX/SEC/2371

April 29, 2024

BSE Limited
Department of Corporate Services
PJ Towers, Dalal Street,
Mumbai - 400 001.

Ref: Scrip code: 534091 Scrip ID: MCX

Subject: Transcript of the “Earnings Conference Call” with investor(s)/analyst(s) on Q4 FY-2024 results.

Dear Sir,

Please find enclosed herewith transcript of the “Earnings Conference Call” with investor(s)/analyst(s) held on Wednesday, April 24, 2024 at 16.00 p.m. (IST) on Q4 FY-2024 results.

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Further, we hereby confirm that no unpublished price sensitive information was shared/discussed during the said earnings call.

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
Q4 FY'24 Earnings Conference Call”
April 24, 2024

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MANAGEMENT: MR. P.S. REDDY – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER, MCX
MR. MANOJ JAIN – CHIEF OPERATING OFFICER, MCX
MR. SATYAJEET BOLAR – CHIEF FINANCIAL OFFICER, MCX
MR. CHANDRESH SHAH – CHIEF FINANCIAL OFFICER, (DESIGNATE), MCX
MR. PRAVEEN D G – CHIEF RISK OFFICER, MCX

Moderator: Ladies and gentlemen, good day, and welcome to the Multi Commodity Exchange of India Q4 FY'24 Earnings Conference Call.

Joining us on the call are Mr. P.S. Reddy, Managing Director, and Chief Executive Officer, MCX; Mr. Manoj Jain, Chief Operating Officer, MCX; Mr. Satyajeeet Bolar, Chief Financial Officer, MCX; Mr. Chandresh Shah, Chief Financial Officer, Designate; and Mr. Praveen D G, Chief Risk Officer, MCX.

As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. P.S. Reddy, MD, and CEO, MCX. Thank you, and over to you, sir.

P.S. Reddy: Good evening all of you. Welcome to the analyst call. I'm very happy that the MCX has concluded the year positively, having a payout to the IT vendor. We have closed this year also on a profitable note. While it may not have surpassed your expectations or met your expectations, but the company has done very well if you see in terms of the income, the highest ever income that we have achieved since inception. That's one big highlight of this. That is something which we all should acknowledge.

And secondly, even the turnovers also have also clocked the highest ever and a similar happy ending for this company for this year. And, of course, other facts are before you. As we have been saying in the past also, we said that while the IT costs will come down, and they did come down in terms of operating expenses, but there's no, what you call, a substantial reduction because the depreciation costs will go up. So, on the whole, the IT cost may remain on the similar lines as we had with the previous vendor prior to September '22.

So that being the case, what makes the difference for us is that there is no volume linked payments to an IT vendor. So that will come to a pause at some place. And I don't think we expect any rise in these IT expenses. There could be a marginal rise, but it will be in the same range as it used to be earlier. And the only thing is that we have to drive up our volumes and once they start contributing, they all will go into the bottom line. There won't be any expense linked to the rise in volumes, is our expectation.

I would not like to take much of your time. I think I will leave it open for questions.
Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Prayesh Jain from Motilal Oswal. Please go ahead.

Prayesh Jain: Sir, firstly, could you explain the reason for the drop in revenue sequentially in spite of the surge in volumes? And the second question is on the fact that you mentioned that the run rate would be similar to September quarter. And if I look at the numbers in September quarter, the run rate of software cost was around INR20 crores quarterly.

And if you look at depreciation in that quarter, was about -- in Q2 FY '22, was about INR6 crores. So totally around INR30 crores was the cost. Would you say that this would be the run rate that would be maintained? And lastly, on the product launches, when do we expect the gold serial contracts to be launched? Those were my three questions.

P.S. Reddy: Yes. The second question I will answer immediately. When I said the September stuff will be maintained mean that is, at that point in time, yearly, we were paying around INR60 crores to the vendor. So that INR60 crores is in the current dispensation, maybe a lower, what we call, cost in terms of operating expenses, but higher depreciation will be there.

But together, it adds up to around that kind of INR60 crores is the expectation that we had. And there won't be any, what you call, transaction-linked expenses. That is the reason we said that we will continue to have around that rate we will maintain. So, it's not that '22s depreciation plus the quarter cost is what we were looking at it, the yearly cost of arm technology is what we are looking at.

Prayesh Jain: So, this also includes the AMC fee that we'll pay to the TCS, right? This INR60 crores which you're referring?

P.S. Reddy: It should be. That's right. And coming back to why the revenue -- cost realization -- you can explain...

Satyajeet Bolar: Good afternoon. There are two main reasons why the revenue has dipped is one turnover in future has dropped. So last quarter, it was INR21,102 crores and this quarter, it was INR17,336 crores, so 18% dip that has contributed substantially to the dip. Also, the treasury income that we earn on margin funds has also dipped by around

INR5 crores. These two factors have led to a drop of INR10 crores in our revenue. INR191 crores to INR180 crores?

P.S. Reddy: With respect to the new product launches, you're looking at the serial contracts. I think that is still work in progress and it will take some more time. But whatever we can launch immediately, there are some more contracts which we have, we will be -- testing is going on. Being a new system, we want to be careful and then keep testing every time in the new product is launch, a rigorous test. That's why it is taking some time. Thank you.

Prayesh Jain: I got that. Thank you.

Moderator: The next question is from Amit Chandra from HDFC Securities. Please go ahead.

Amit Chandra: Yes, sir. Thanks for the opportunity. Sir, you mentioned that the reason for drop in revenues is obviously futures and all the lower treasury income. But also, if I see the options revenue, if I see the increase in the notional, the actual growth in the premium is much lower than what the notional increase is. So that is because of the lower premium conversion. So, what has happened in terms of -- in this quarter, which led to the lower premium conversion?

And how the mix has changed, which has actually led to this? And how do you see this, the premium to notional ratio going ahead? Because in other exchanges, as we move to more shorter duration contracts or weekly kind of a contracts, we can see further dip in this ratio. So, this is one thing. And secondly, in the cost part, you said that mostly - - like most of the cost is fixed.

But still, we have some part of the cost, which is linked to the crude oil or the crude contract volume. So, if you can break out in terms of the software support charges, how much would be the fixed and how much would be variable?

P.S. Reddy: Coming to the first question with respect to the -- absolute premium. See, the higher the volatility, people tend to trade in a relatively far month contracts, so far month contracts mean the lower premium. And as a result, our realization will also be slightly lower. But this is something which the market participants decide. In some -- at times we get a higher premium. And we will not be able to pinpoint the reason why in this particular quarter, the premium realization is low and then in other quarters, it is high.

Having said that, I think the weekly contracts, our serial contract. I think that's not immediately -- not looking at it. I mean, not looking, in the sense, we do not have any approval. We are designing this contract, and then we will go to the regulator for approval. And definitely, it is a weekly option expiry. The volume will increase, the premium will come down. And to that extent, they have to offset, and the volume increase should more than offset the fall in the premium, then only it will make a commercial sense. So that's the way it is. And we are hopeful that such a thing will happen.

Satyajeet Bolar: As for the agreement with any -- we pay 10% of what we earn on energy products to CME. So, for this quarter, we have made a provision of INR10.38 crores payable to CME as compared to INR11.98 crores in the previous quarter. That's forming part of the line in software support charges and product license fees. INR10.38 crores payable to CME.

Amit Chandra: Okay. And also, I know recently, we got the approval for the FPI participation, and we launched in crude oil like mini contracts and the natural gas mini contracts. So obviously, these mini contracts will be beneficial for the volumes to rise. But in terms of FPI participation, how are you seeing this in terms of increasing the volumes? Maybe you can just elaborate more in terms of what impact it can have in terms of volumes.

P.S. Reddy: We expect the FPI participation to increase. Now we have category II also submitted and many members have been asking for FPI II category also. And with us from Monday, we are permitted. I'm sure it will pick up maybe in the coming one or two quarters, you will be able to see its full impact.

Amit Chandra: And sir, one last question from my side. So, you said that like most of the new product launches are in the pipeline. But if you can just provide some more color in terms of how much time it takes for a new contract to a device? And I know it need to be tested in the market and to be cleared from the regulator. So, any timelines that you can give in terms of, for a totally new contract, how much time it takes? And because why I'm asking this is because Index options, we have the approval since last like 1.5, two years, I think. But still, we have not been able to do anything on that. So, what is stopping us from launching Index options?

P.S. Reddy: No, no, I don't think we have any approval for index options as yet. Index options were permitted by SEBI by way of a circular saying that index options will be permitted in commodities. So now that regulatory enablement has been made, we have to now make

an application to SEBI and then get the approval. The whole process may take, I mean, from the time we get approval to launch maybe four months or four to five months -- four to six months if we can take it. Then we will get our approval, usually SEBI has been very quick, and they may take about two months' time to approval. All in all, five to eight months is what the range I will look at it.

Amit Chandra: Okay, sir. Thank you and all the best, sir.

P.S. Reddy: Thank you so much.

Moderator: Thank you. The next question is from the line of Chintan Sheth from Girik Capital. Please go ahead.

Chintan Sheth: Thank you for the opportunity. So, if you can break up the options and futures transaction revenue, that would be helpful for me? That's one. Second is on, if you provide some more color on the product launches, you gave out certain names. But if you can just -- what are in the pipeline, what are the -- what we can expect this year and what we can next year in terms of product launches, that would be helpful? That's the second question. Thank you very much.

Satyajeet Bolar: In the quarter, we earned INR149 crores as transaction charges. INR46 crores that is around 31% came from future and the balance was from options.

Chintan Sheth: Okay.

P.S. Reddy: With respect to product launches, we have got some Agri-commodities also. The cotton wash oil we have got as well as the sunflower wash oil also we got it. And I mean, these are Agri-commodities, of course. We are testing it again. And index options is another one which we will apply for. And then shorter duration another one, we are looking at it, as we said. But any kind of indications and that guidance is not a good approach, is my view. That's why we are not giving any guidance when we can do all this. But this is on the top of our mind and then pursuing also. That's the way I can say.

Chintan Sheth: Okay. And FPI II, you said category have been permitted. So, have we started on boarding to our DMA line, direct access?

P.S. Reddy: That's what I said, we have already permitted with us from Monday. Already issued a circular also last Friday or Saturday. For numbers to keep on applying for it and then

categories we will be improving. That's why I said you will see the full impact of it in the next one or two quarters.

Chintan Sheth: Okay

P.S. Reddy: Thank you.

Chintan Sheth: That's all from me. Thank you.

Moderator: Thank you. The next question is from the line of Lavanya Tottala from UBS. Please go ahead.

Lavanya Tottala: Thank you for the opportunity and congrats on good set of numbers, sir. So just on the new products again. So, on these which we have already applied or in the process of application and wherever we are in the process of getting approval for different products. Can you help us a bit more on this, maybe specifically on weekly contracts?

P.S. Reddy: As I said, weekly contracts, it is a work in progress. We have not applied as yet, but that is something which we are -- we have to make the system ready, then only we can make that attempt to apply. But these two are parallel processes, we will be doing that. But more important is, there are new products we have identified, but it's not good to, as I say, disclose at this point in time.

But whatever we have applied, we have already said, some of the mini contracts in metals is what we have asked for some more. Those are still under the consideration. And the other cities, the electricity futures, that is evading us all the time. And we have been -- it's a very unusual target, that's the way it is. And we have been chasing it quite for some time. And I don't know when we will be able to meet that.

Lavanya Tottala: Okay. And the products which we already have approval are?

P.S. Reddy: We have a gold -- 10-gram gold contract we have it. That's something which we will...

Lavanya Tottala: It's the monthly one or the usual 10-gram?

P.S. Reddy: It's monthly.

Lavanya Tottala: Monthly. Okay. So that we have approval, and now it's in our hands to launch.

P.S. Reddy: Yes, that's right. We are testing it, so over time.

- Lavanya Tottala:** Okay. So, any timeline that you see to apply for weekly options for approval?
- P.S. Reddy:** No, as I said, madam, applying is the easiest thing to do it. But the point is we need to get the system in place. And I don't want the gap between getting approval and then launch. So, we wanted to bridge it and then the moment we get an approval maybe within a month's time we should be able to launch. So that's what we are currently focusing on. And so let the system be ready and then we will be able to do that. The moment we get a cue that, yes, we are about to -- I mean, we are there almost all then we will be able to do that.
- Lavanya Tottala:** Okay. Got it. So, this is like once we can launch our monthly the product approval will be similar for fortnightly, weekly and everything or will it be separate contracts which you need approval?
- P.S. Reddy:** No, no, it's -- I mean we will be issuing monthly contracts which are expiring every week that is the way it is. So, there will be multiple contracts in a month.
- Lavanya Tottala:** So, this will be each commodity wise you will need to take approval again, right? So crude and natural gas each commodity will need approval separately for each of these?
- P.S. Reddy:** Absolutely. Development is only one.
- Lavanya Tottala:** System will be ready for all of them. Got it. Thank you so much, sir.
- Moderator:** Thank you. The next question is from the line of Deepak Singh from ICICI Securities. Please go ahead.
- Deepak Singh:** Congratulations for the good set of top numbers. My simple question would be from the product line. Sir, if you look at your performance of index derivatives or index futures. So apart from BULLDEX there's much of traction as of now.
- So are we looking at launching some composite index like mix of bullion energy and metals so that we can have some traction in the index because if you look at the other exchanges. So, the major volume generator is the index derivatives. So, are we looking at as a composite index for MCX as of now?
- P.S. Reddy:** Well, we have a composite index, but we are not looking at it because volatility drives any product. And many a times with these cancel out each other, some of the products are in the opposite buckets. So, they cancel out and there won't be any volatility.

But we are keen to revive the metal index and the other one is the energy index and then on which we would like to launch options. So that is where I was telling some time ago options is what we are looking at applying for.

Deepak Singh: So, on the similar line, sir, if I'm not wrong please correct me we have got approval for the electricity future long time back, I think more than a year back. So, are we moving ahead towards launching any product in the electricity futures?

P.S. Reddy: We have not got any approval as yet. No exchange has got that approval.

Deepak Singh: Something was on those lines?

P.S. Reddy: We have applied only. We have applied two years ago and watching.

Deepak Singh: Okay. Thank you.

Moderator: Thank you. The next question is from the line of Dhaval Parekh from IIFL Securities. Please go ahead.

Dhaval Parekh: I hope I'm audible, sir. Sir, in this quarter we have added around nearly – hello...

P.S. Reddy: Yes, we are able to hear you. Please go ahead.

Dhaval Parekh: Yes. So, in this quarter we have added nearly 8.5 million to 9 million UCCs. So, it's a sharp jump. If you see on a year-on-year basis we have more than doubled. So, can you just highlight the reasons for such increase?

And my second question is, although our UCC count has sharply increased in this quarter, our traded UCC data that you provide in the presentation highlights that the traded UCCs have declined on a Q-on-Q basis. So, the reason for such anomaly sir if you can provide?

P.S. Reddy: Actually, the traded UCCs in options have gone up. Earlier it was 3.5 and it is 4 now quarter-on-quarter. In fact, it's been increasing. If you see the -- for the entire year if you see futures last year, '22-'23 it is 3.7 lakhs. Now it is 4 lakhs, this financial year '24 and options in '22-'23 is 4 lakhs, now it is 7.3 lakhs. So, it's gone up.

And even options also if you see Q4 of '22-'23 is 2.3 lakh now it is 4 lakhs and in previous quarter the sequential quarter is 3.5 lakh it's gone up.

Dhaval Parekh: And sir increasing this UCC, sir, in this year in this quarter specifically?

- P.S. Reddy:** This quarter it is -- the total UCCs traded are 5.3 in this quarter that is Q4.
- Dhaval Parekh:** Sir, not that. I'm talking about the 23 million UCCs that we have currently. The last...
- P.S. Reddy:** That will -- In fact, I have been what you call what should you say cautioning the members or cautioning the people, don't go by that number because we are a unified exchange. Members are also unified members. When they are uploading it, they are uploading it to all exchanges, all maybe depositories wherever they are members. They're simply uploading it because we don't know when the client will want to trade in commodities and when in NSE or BSE.
- So, this number is not the representative of what is happening on the exchange. So, my suggestion is to go by what we are publishing with respect to the traded UCCs and that is where it's more relevant rather than this number.
- Dhaval Parekh:** Okay sir got it. Thank you.
- Moderator:** Thank you. The next question is from the line of Arpit Shah from Stallion Asset Management. Please go ahead.
- Arpit Shah:** Am I audible?
- Moderator:** Yes, you are.
- Arpit Shah:** I just wanted to understand the cost structure. If you look at the cost in terms of employee cost and other expenses for FY '25. Can we assume to building a INR30 crores, INR35 odd crores run rate for employee expenses and about INR15 crores, INR17 crores run rate for other expenses moving ahead.
- And I also wanted to understand the INR60 crores software cost I think so you mentioned earlier in the call, how should we look at it on an annualized basis? The depreciation plus software support charges and product licenses fees how can we look at it?
- P.S. Reddy:** I mean, as I said, the software costs I mean be that maintenance or AMC, all inclusive plus the depreciation together will be in that range. And this is not this last quarter I said this is maybe two, three, four quarters before also I have said that. So that is what we are going to maintain it. I mean expected to maintain.

But other than that, what you are asking is whether you can give a forward-looking statement, whether the employee cost for the current year will remain the same. I will not be able to say anything on that.

We are keeping a tight control on it and probably the cost structure will also more or less stabilize in the next one or two quarters because post-implementation of the CDP we had taken certain premium services, et cetera, of some of the vendors. Vendors means not the TCS. So, we are talking about we call Db2 or Linux or I don't know what are all the software's that are there. So premium services are needed to attend to us like 24/7 online kind of thing. So, I think we need to wait for this cost structure to settle down for another maybe a quarter or two.

Arpit Shah: So, we should -- there'll be big inflation kind of jump in expenses that you are trying to guide? There has not been any significant change as we would see in employee expense and other expenses.

P.S. Reddy: I mean, at least, I don't foresee huge recruitment drive on the exchange.

Arpit Shah: And the software charges will be around INR60crores a year annualized?

P.S. Reddy: That's what we expect.

Arpit Shah: And the new product launches, are we seeing any kind of...

P.S. Reddy: We have already explained the new product launches.

Arpit Shah: Are we seeing any kind of delay because we have -- you [inaudible 29:32] from 6 to 3 months to 3 years almost now 5, 6 months back. So, are you seeing any delay in terms of product launches, or the approvals are getting delayed?

P.S. Reddy: See, as I said, some of them have to be applied whatever we have applied and whatever approvals are received they are being tested. Two of the important products are already launched from yesterday. That is crude NG and natural gas NG mini options.

And the other one, which I said that the gold 10 grams monthly contract is under testing and also the cotton candy, which is going to be launched maybe from the new season, and that is also being tested. While products are also being tested, some of the functionalities are also, we are releasing it. So, we have to be cautious about it. In our urge or desire to launch everything, we can't put the system to danger. That's why we are conscious in process in our approach.

- Arpit Shah:** Got it. Just one request for the management, if you can publish the premium numbers as you have been publishing the turnover numbers on an everyday basis, that would be easier for everyone to track.
- P.S. Reddy:** We will try to do that. We'll try to do that. I will try to address. Thank you.
- Arpit Shah:** Thank you so much.
- Moderator:** Thank you. The next question is from the line of Shreyans Jain from Electrum PMS. Please go ahead.
- Shreyans Jain:** Yes. So, most of my questions have been answered. I just have two questions. Can you provide the breakup for the total income for the whole year and transaction fees, crude income and other income like membership and others? And second, any update on the interoperability?
- P.S. Reddy:** I will answer the second question first. See, the interoperability in the sense that is implemented BSE and NSE, at least that is not on table or not on cards, at least, we have not thought of it. But we are looking at the fungibility of the collateral in the sense of the term that the trading in one of the exchanges stock -- maybe or I'll put it this way.
- Let the collateral be there wherever they are and whenever the member wants to transfer his collateral to the other exchange, like MCX, the other exchange will just mark a lien on that amount in favour of the MCX Clearing Corporation. And MCX Clearing Corporation in turn will distribute that.
- And this is the proposal that was submitted and the industry of forum, standard forum of members and others have recommended SEBI. I think that is a work in progress, and we are hopeful that it will be done at the earliest. Thank you.
- Satyajeet Bolar:** On the total revenue for the year from operations, it was 684 and out of that 560 was from transaction charges and around INR84 crores, we earned through the interest income on the margin funds cycles fees with the Clearing Corporation.
- Shreyans Jain:** Okay. And the remaining INR40 crores is the other income of the membership fees and...
- Satyajeet Bolar:** Volume charges, membership, data feed.
- Shreyans Jain:** Okay. Thank you so much.

- Satyajeet Bolar:** Thank you.
- Moderator:** Thank you. The next question is from the line of Parth Agarwal from Bastion Research. Please go ahead.
- Parth Agarwal:** Thank you for the opportunity. I just have one question, and I need a clarity on the software support charges. So out of this INR23 crores, I understand INR10 crores, INR11 crores is payable to CME. But what is the rest of the amount that we have paid during the quarter?
- P.S. Reddy:** See, the TCS software comes with a one-year warranty. So firstly, we don't pay anything. And there could be other license fees, etcetera, etcetera.
- Parth Agarwal:** So, every quarter we will be paying around INR10 crores, INR11 crores.
- P.S. Reddy:** That why I'm saying, you have to wait for one or two quarters more for most of the tariff structure or charge structure to settle down.
- Satyajeet Bolar:** Stabilize.
- Parth Agarwal:** Got it. And so, post October 2024, we would be paying AMC charges. Any clarity on how much we will be paying to TCS for that?
- P.S. Reddy:** That's what I said in the past also, it's single digit.
- Parth Agarwal:** Okay. Got it. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Bhavya Sanghvi from Fortress Investment Group. Please go ahead.
- Bhavya Sanghvi:** Sir, I just missed the revenue on some of the option segment for the fourth quarter. So please forgive me, so rest of the questions have been answered.
- Satyajeet Bolar:** Yes. So, from the options, it was INR103 crores for the quarter.
- Bhavya Sanghvi:** And treasury income for the quarter?
- Satyajeet Bolar:** Treasury, I'm assuming that you're saying from the Clearing Corporation. The Clearing Corporation that was around INR21 crores.
- Bhavya Sanghvi:** Thank you.

- Moderator:** Thank you. The next question is from Prayesh Jain from Motilal Oswal. Please go ahead.
- Prayesh Jain:** Sir, just this INR560 crores that you mentioned on the transaction would be split into options and futures?
- Satyajeet Bolar:** Yes, for the year. Just give me a minute. So, for the future, it was INR208 crores, and options is INR351 crores.
- Prayesh Jain:** Yes. INR351 crores. Thanks. Just on this serial contract, I need just certain explanation. So, you currently have multiple contracts of gold, which of them will come on serial contract?
- P.S. Reddy:** Well, we are looking at primarily into the crude and NG to begin with because they are cash settled contracts. Thereafter we will look at other contracts.
- Prayesh Jain:** Okay. And with respect to gold, we had bimonthly futures. Now we have approval for monthly future. Is that the right understanding?
- P.S. Reddy:** Monthly futures for 10 grams, but whereas bimonthly is 1 kg.
- Prayesh Jain:** Okay. And you can -- and do you have the approval to launch options on monthly futures of this 10 mg or you'll have to apply for that?
- P.S. Reddy:** No, no. We have not launched the future. So, the question of getting approval for options does arise.
- Prayesh Jain:** Okay. Got that. Thank you so much, sir. And just one more clarification. This quarter, depreciation rate -- depreciation is just gone up from INR11.3 crores to INR13.8 crores. Is that only 15 days possibly was where you didn't have the CDP. So, is this the ratio that we can take for depreciation charge? Or is there anything else needs to be looked at?
- P.S. Reddy:** The 15 days is in the last quarter, but not this quarter.
- Prayesh Jain:** Yes, this is the run rate. This is the run rate, INR14 crores. Okay. Thank you.
- Moderator:** Thank you. The next question is from Chintan Sheth from Girik Capital. Please go ahead.

- Chintan Sheth:** Thank you for the opportunity. Just a couple of clarification. One, you already mentioned that gold 10 mg will be monthly future contracts you are currently testing, right? That would be one, right? It was on monthly futures contract. Gold 10 mg currently in testing is the monthly futures?
- P.S. Reddy:** Yes, that's right.
- Chintan Sheth:** Okay. And cotton candy, which we are talking about is also a futures contract? We were not currently having this contract. Is it so?
- P.S. Reddy:** We currently have this contract. And there is a change in the contract specifications and the new contract will be launched from the next quarter. Next season, I'm sorry.
- Chintan Sheth:** Next season once the supply starts.
- P.S. Reddy:** So that is actually September or October onwards.
- Chintan Sheth:** Right. Okay. And lastly, on the CME charges, that is the recurring fee on the revenue, on the NG and the energy basket which we generated, both on futures and options put together.
- P.S. Reddy:** That's right. That will be great. Thank you.
- Moderator:** Thank you. The next question is from Rahul Agarwal, who is an individual investor. Please go ahead.
- Rahul Agarwal:** Good evening. Thanks for the opportunity. My question is regarding the average realization that you provided on Slide number three. Is it pertaining to the future segment only, INR 2 lakh?
- Satyajeet Bolar:** Yes, it's on the futures.
- Rahul Agarwal:** So, what is the average realization in the option segment? If you could quantify them?
- Satyajeet Bolar:** INR 40.83 presently per lakh for the quarter.
- Rahul Agarwal:** INR 40.83. All right. Thank you.
- Moderator:** The next question is from the line of Shreyansh from Arthya. Please go ahead.
- Shreyansh:** Yes, thank you. Thank you for the opportunity. Actually, I missed the question before. What is the reason of option premium ratio to turnover drop?

P.S. Reddy: See, the contracts traded are at the money or in the money then the premium paid is higher for which reason you will get a higher transaction charges. If the contracts traded are far away from the in the money or at the money, then obviously, less premium will be paid. That's what the reason is.

Shreyansh: Okay, so that is the main reason for that, right? Thank you.

Moderator: Thank you very much. That was the last question in queue. I would now like to hand the conference back to Mr. P.S. Reddy, MD, and CEO, MCX, for closing comments.

P.S. Reddy: Thanks to all of you, once again, and continue to support MCX and we will do our best. The team will do their best to ensure that the exchange will surpass everybody's expectations in the years to come. And the technical issue is behind us. And I'm sure you all know that that has taken a lot of time and the entire energy of the management in bringing up the new -- putting up the new platform.

Since that is behind us, the management can concentrate on business development. And going forward, that is the only thing that we will do and see to that the company meets the expectations of all stakeholders. Once again, thank you, and I wish you all the best. Thank you. Thanks to all of you.

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