

MCX/SEC/2473

January 27, 2025

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 Q3 FY-2025 results.

Dear Sir,

Please find enclosed herewith transcript of the “Earnings Conference Call” with investor(s)/analyst(s) held on Tuesday, January 21, 2025 at 16.00 p.m. (IST) on Q3 FY-2025 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Further, we hereby confirm that no unpublished price sensitive information was shared/discussed during the said earnings call.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

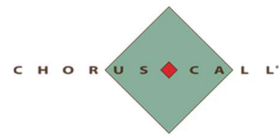


“Multi Commodity Exchange of India Limited

Q3 FY25 Earnings Conference Call”

January 21, 2025

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MANAGEMENT: **MS. PRAVEENA RAI – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER**
MR. MANOJ JAIN – CHIEF OPERATING OFFICER
MR. CHANDRESH SHAH – CHIEF FINANCIAL OFFICER
MR. RISHI NATHANY – CHIEF BUSINESS OFFICER
MR. PRAVEEN DG – CHIEF RISK OFFICER

Moderator: Ladies and gentlemen, good day and welcome to the Multi-Commodity Exchange of India Limited Q3 FY25 Earnings Conference Call. Joining us on the call are Ms. Praveena Rai, Managing Director and Chief Executive Officer, Mr. Manoj Jain, Chief Operating Officer, Mr. Chandresh Shah, Chief Financial Officer, Mr. Rishi Nathany, Chief Business Officer, and Mr. Praveen DG, Chief Risk Officer. As a reminder, all participant lines will remain in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes.

Should you need assistance during the conference call, please signal the operator by pressing star then zero on your touch-tone telephone. Please note that this conference is being recorded. I now hand the conference over to Ms. Praveena Rai, MD and CEO. Please go ahead.

Praveena Rai: Good evening, everybody. Welcome to the call. Wonderful to be talking to all of you. MCX has had another really good quarter. We've just released our results yesterday evening. As you would have seen, we've closed our Q3 consolidated income from operations at INR301 crores. That's 57% growth over the same time last year. For this quarter, the PAT has increased to INR160 crores. Same time last year, we were under the water by INR5.35 crores and last quarter was at INR153 crores.

On the trading front, the numbers have been very healthy. For nine months ending the quarter, our average daily turnover, the ADT of futures and options together, reached INR2,09,000 crores, and I'm giving approximate numbers here. This is 106% year over year. Now, this comprised both options and futures. Options saw an ADT of INR1,82,000 crores with 124% growth, while futures was at INR27,000 crores with a growth of 33%. So, both showing a very healthy trend there, together giving us good business growth and momentum. This really came from an equally healthy growth in traded clients. The growth of 49% hitting for the first time, 11 lakhs during the nine-month period.

MCX also surpassed the last milestone of the all-time daily turnover and touched INR5 lakh crores on the 13th of January 2025. This also had the crude oil options clocking their highest turnover on the same day at INR4.1 lakh crores. Behind all of this has been a healthy growth across our products and including the new products that have been launched in the last few months.

Noteworthy would be to speak about the growth in Gold options, the 1kg option monthly contract. Here, the numbers, cumulative, from year over year, the growth has also been very positive. The Cottonseed wash oil was launched, so was the Crude oil and NG mini in the last few months.

Further, as far as the Base Metals future contracts goes, the tender period has been reduced from 5 days to 3 days. All of this will lead to further simplification in the way the contracts can be managed. The modified Gold option has had a really enthusiastic response, and ADT has grown to more than INR43,500 crores in the month of December 2024. And this is against INR33,000 crores over the previous quarter.

As we move forward, MCX will be continuing to look at launching new commodity derivative contracts, as well as looking at innovations in our existing products and processes, mapping and studying the evolving needs of the industry. The Exchange will look to address the needs of all sections of the commodity economy of India and continue to be the platform for robust price discovery and efficient risk management.

MCX also observed the World Investor Week. This was between the 14th and 20th of October 2024, organized by SEBI and the International Organization of Securities Commissions. This had over 150 awareness programs and several other activities that were related to commodities.

MCX is also proud to have won the Digital Transformation and Resilience Award at the Red Hat APAC Innovation Awards 2024. And we also were named the Leading Commodity Exchange by CPAI at their 10th International Convention. The Exchange will also have a live trading session on the 1st of February 2025 from 9 a.m. to 5 p.m. and this should facilitate market participants to take or calibrate their positions associated with any announcement that would be made in the union budget.

I have joined MCX as MD and CEO and I'm looking forward to working on all these opportunities for the growth of MCX, as well as the commodities derivatives market of India. So, I look forward to your continued support and to deliver and drive the potential of MCX in the days and months to come. So, thank you very much, the leadership team of MCX and I are available for any questions and answers following the session.

Moderator: Ladies and gentlemen, we will now begin the question-and-answer session. The first question comes from the line of Amit Chandra from HDFC Securities. Please go ahead.

Amit Chandra: Yes, thanks for the opportunity. Yes, so my first question is to Praveena ma'am. So, ma'am, it's been three months you have joined as the MD and CEO of MCX. So, what has been the top three priorities in terms of the changes required in the Exchange and what are the areas you want to focus to scale the Exchange volumes and also to improve participation?

And secondly, as you all know that the technology transition is behind us and the focus has shifted to innovation of products and launching new products. So, you have explained where we have been in the journey, but we are very curious to know about where we are in terms of timelines, in terms of launching of the weekly options and the index weekly options contract?

And what are the technological challenges and the regulatory challenges we might encounter in this journey, because from here on to take MCX to the next level, we need some innovative products and as we see in other exchanges, index and weekly are the ones which are the most traded contracts. So, we are curious to know about your plans on this. Thank you.

Praveena Rai: Thank you, Amit. Thanks for the question. So, when I look at the top three priorities, observing and evaluating the priorities for MCX, the first is operational excellence. And when we say operational excellence, it's really our ability to interact with our members as well as clients in a way that makes trading at the exchange, at the level of performance and best in class that it needs to be.

It continues to involve and engage a high degree of focus on our technology. So operational excellence, including our continuous development going forward on technology will be a priority. The second is to really keep our hat on the compliance side very strong as a market infrastructure, that's the expectation from the regulator. And it will be a high focus area for MCX. And on the back of these two really gives us the ability and confidence to start the innovation. And there we will be looking at new products. And I spoke about that a little bit in the session. Looking at new products, looking at new contracts to our -- structures to our contracts, commodities that we currently do not have live contracts in. So, all of these are areas that we will be continuing to explore.

Now in terms of regulatory and other challenges, I think we do believe that on the back of a strong focus on one and two, operational excellence and compliance, that we will be able to work through this and really drive this journey on our innovation.

Amit Chandra: Okay. And in terms of launches, any timelines that you want to, like you have in mind, because in the earlier calls, like we were of the view that within a year of the transition of the platform, maybe we are ready in terms of technology for the new products. And as we see that there is a huge concentration of Crude products on the option side, which is Crude and Natural Gas, which are mostly cash-settled contracts. So, we need more cash-settled contracts to diversify and also index and weekly are the ones which will be mostly cash-settled and that can scale the volumes to the next level. And also, in terms of what we're doing to improve the participation institutional and to increase the depth in the options side.

Praveena Rai: So, in terms of where we stand on our internal readiness with respect to new products, we do not have constraints. We are that way ready with our infrastructure. Now, as you rightly said, in addition to what we would look at from the deliverable contracts, would be other contracts around indices, for example. So, we are looking to revive METLDEX, which is our index that has not really had the kind of focus that it can have. So, we believe there is opportunity there. We will also be looking to bring in options on the BULLDEX. So, I think this is really the plan on the index side. And as far as timeline goes, I think you will see all of this in the next few months.

Amit Chandra: Okay, ma'am. Thank you and all the best.

Praveena Rai: Thank you.

Moderator: Thank you. The next question comes from the line of Devesh Agarwal from IIFL Securities. Please go ahead.

Devesh Agarwal: Good afternoon, everyone, and thank you for the opportunity. Many congratulations to the entire team for another good quarter. Ma'am, just first thing, continuing with what Amit was asking, in terms of new products, is there an update on the series contract that we were kind of designing. And can you put a timeline around that, the new series contracts?

Praveena Rai: Yes. Hi, Devesh. Good to speak with you. So yes, we are continuing to explore all options in terms of growth, in terms of the requirement of the industry. At this stage, we really can't comment on a timeline, but this is something that we continue to explore.

Devesh Agarwal: All right. And ma'am, if you see on the equity platforms, co-location is a big opportunity which has been kind of driving volumes on the equity platforms. Now, do you see a similar potential of co-lo's can play in the commodities as well? Is there any thought process or aspiration out here?

Praveena Rai: Yes, I think that's a very good question. And, as you know that this is not currently under regulatory approved approach as far as co-lo is concerned for commodity derivatives. So, it is something that we will continue to explore.

Devesh Agarwal: Right, ma'am. Sure. And just one on the quarterly results, what I see that the technology cost on a sequential basis has seen a decline despite TCS AMC starting from this quarter onwards. So, I just wanted to have clarity on two things. What has been the payout to TCS in terms of AMC for this quarter and secondly, despite this, what has led to this QoQ decline and whether that is a sustainable number going forward?

Praveena Rai: I'll request Chandresh, our CFO, to take this.

Chandresh Shah: Hi, Devesh. So, Devesh, the provision for TCS AMC is there in this number. However, due to the contractual terms, we cannot disclose that number. And the slight reduction in cost is due to some efforts which we have taken to reduce some of the premium services which we were availing. So, whether it will be sustainable, we are trying to keep it sustainable, but we'll have to wait and see if there is a requirement to incur that cost, we may have to incur it in the coming months.

Devesh Agarwal: Sir, would we be able to quantify what was the savings in this premium services cost? Quarter on quarter?

Chandresh Shah: Devesh, it's a very intermingled thing. Multiple services are there. So, to give a number would be difficult.

Praveena Rai: But we do expect that cost to be stable, Devesh.

Devesh Agarwal: Understood Mam. Thank you. Thank you so much.

Moderator: Thank you. The next question comes from the line of Prayesh Jain from Motilal Oswal. Please go ahead.

Prayesh Jain: Yes. Hi. Congratulations, team. And ma'am I'm just extending that question on the series contracts as to where we are with respect to that product, whether we have tested it completely and our readiness is there. And when can we file it with the regulator? So, any clarity there, because I think that is something which the markets have been anticipating for quite some time, the Crude series contracts. So, anything where, at what stage we are with respect to that product will be very helpful for us?

Praveena Rai: Hi, Prayesh! Nice to connect with you. So, Prayesh, when it comes to the series contract, as you call it, as I mentioned, our internal readiness on whatever products we want to launch is there. So, there will be a small delta of work, but that's more of a procedural item. So, from a readiness standpoint, there is no major bottleneck. However, this is something that we are continuing to explore, continuing to work on. And we can, update at the right time, as and when something comes up.

Prayesh Jain: Got that. Ma'am, secondly, on the Base Metal contracts, rightly that you mentioned that you would want to revive the METALDEX and then bring in the index options on both BULLDEX as well as METALDEX. But, you know, as Base Metals volumes have not kind of picked up the way we would have liked it to be. So, what were the reasons for that and what could be the further driving factors for this, that you could revive these volumes?

Praveena Rai: So, we have had, reasonably good performance in Base Metals, especially when you look at contracts around Copper, and so on. And we believe that some actions might drive this further. So, we are exploring rationalization around warehouses and certain actions that could help us to simplify the actual execution of the contract along with the deliverables, which will then, be a little bit of a fillip to that business. But we do strongly believe in both the BULLDEX and the METALDEX as opportunities.

Prayesh Jain: Ma'am, just a couple of more questions. One will be on the regulations, right, you know, if you look at...

Praveena Rai: I know, and there's a risk that when we look at our Base Metal numbers from last year, our numbers have practically doubled. So, the growth is there. And of course, we will continue to focus on really driving the absolute volumes as well.

Prayesh Jain: Perfect. Just on this, the regulations, the interoperability of margins, which is not there between, say, Stock Exchanges and Commodity Exchanges. Any thoughts that the regulator might consider this and can provide some fillip? And my last question would be on the SGF as to how do you see the Settlement Guarantee Fund from here on, the contribution that we will have to make?

Praveena Rai: The regulatory guideline on inter-opt is really only for Equity Exchanges. So, it does not, include Commodity Derivatives at this stage. It's very difficult to comment on that and we are not a part of what works. And your second question was on SGF. Now, the requirement for SGF is not as intense by way of contribution. However, we will need to continue to review this based on need, and if we, and given the growth that we are seeing and to support the growth on open interest, if we need to strengthen the corpus, then we will do so.

Prayesh Jain: Ma'am, this clarification, is it the way or one of the, like, for example, NSE was given a target to reach a certain number for the derivative segment. Is this something that comes as a direction from the regulator and then we contribute? And whether is there any such thing that, you would voluntarily contribute or some ratio that we can link to the top line that will continue to go into SGF?

Praveena Rai: Those don't apply to the Commodity derivatives exchange. I think it's a very different space and operates on different rules as you will be aware.

Prayesh Jain: Got that, ma'am. Thank you so much and I wish you all the best.

Praveena Rai: Thank you. Thank you, Prayesh.

Moderator: Thank you. The next question comes from the line of Arpit Kapadia from IGE family. Please go ahead.

Arpit Kapadia: All my question has been answered. Thank you for the opportunity.

- Moderator:** Thank you. The next question comes from the line of Shalini Gupta from East India Securities. Please go ahead.
- Shalini Gupta:** Could you please say what was the transaction fees during the quarter and if possible, if you could break it up into options and futures?
- Chandresh Shah:** So, transaction charges for the quarter were around INR300 crores and 72% of that is contributed by options and 28% is by futures.
- Shalini Gupta:** And, Sir, if you could please give the corresponding figure in the second quarter, second quarter of this year, Q2 FY – financial year '25?
- Chandresh Shah:** Q2 FY '25?
- Shalini Gupta:** Yes.
- Chandresh Shah:** So, the previous quarter, transaction charges were INR245 crores, 70% was contributed by options and 30% by futures. And just one correction, this in Q3, the transaction charges is INR265 crores.
- Shalini Gupta:** INR265 crores. Okay. Yes. Okay. Yes, sir. Otherwise, my questions were on the new product launches which have been asked amply. So, thank you so much.
- Moderator:** Thank you. The next question comes from the line of Kunal from Fair Value Capital. Please go ahead.
- Kunal:** Okay. My first question was, I wanted to ask about if you had any updates on Electricity derivatives and your collaboration with IEX on these?
- Praveena Rai:** Hi, Kunal. So, Kunal, it's a very good question. So, when we look at our new products, Electricity is one that is top of the radar for us, and we continue to work on it and explore that option. We believe it's a good opportunity. Also, given the maturity of the spot exchange as you rightly mentioned. So, this is something that's on the radar.
- Kunal:** Any timeline that we can expect, or will you take it up?
- Praveena Rai:** We are not in a position to share timelines.

Kunal: Okay. Understood. And also, in your PPT, you mentioned that another initiative is Coal exchange. If you can explain that more?

Praveena Rai: Coal exchange, it's something that we have been working on. A lot depends on how the coal spot and so on plays out and a lot will depend on governmental actions. So, maybe it's not a very high priority or it's not an expected item in the short term, but it's something that we are keeping our eyes on and being ready for it.

Kunal: But is it the same thing that the Ministry of Coal was also referring to, when they were referring to setting up a Coal exchange or will it be a different thing?

Praveena Rai: It's the same thing.

Kunal: Okay. And the third question was about Natural Gas. We have a large competitor in this product, IGX. My question was how does one exchange take away volume from another exchange? What sort of things have to go right for that to happen and what do you need to protect against?

Praveena Rai: Kunal, not to comment really on IGX business model or their numbers, but as far as we are aware, IGX is a spot exchange for gas and our focus is only on derivatives, trading of derivatives. So, we are in a completely different space, and we don't see....

Kunal: Thank you. Thank you for answering my questions. Have a good day.

Moderator: Thank you. The next question comes from the line of Akshay Patel from CD Integrated Services. Please go ahead.

Akshay Patel: So, ma'am, my first question is that we have grown very significantly in the first 3 quarters of FY2025. So, my question was on the front of the revenue growth, sustainability of the revenue growth. So, how sustainable is the revenue growth of the MCX and can we expect the same growth rate to continue in the next year and years to come?

Praveena Rai: So, I think the growth of the last few months, has been steady and it has been consistent, and we don't see a reason for the growth to not continue. So, I think the numbers reflect the point that, you know, you're making and that's really our own view to the situation as well.

Akshay Patel: Okay, so, we can expect the same growth rate in FY26 as well. And, ma'am, my second question is regarding the extension plan on the trading volume of the MCX. So, how can we extend our plan in terms of trading volume and increase the market participants and overall revenue for the Exchange?

Praveena Rai: Thanks for that, Akshay. That's a wonderful question. I think we've spoken about the kind of products we are working on and the fact that we are going to continue to explore the kind of contracts we need as well as, new commodity areas that we'd like to enter. But we are also at the same time looking to increase our participation and we did talk about, you know, the full year number of clients who traded, this at about 9 lakhs and we see that number as a focus to increase. And we're also looking at bringing in participants of both FPIs as well as hedgers and commercial participants. So, growing the breadth of participation in the Exchange will also drive this growth. So, both on products as well as participation.

The third angle of course, and I spoke about it earlier, is really the MCX good delivery which we have both on Bullion as well as, on some of our Metals, on Lead and which we plan to expand further. So, that's another third element which really gives Indian refiners an opportunity to participate in the Exchange and we believe that's also an important axis of growth. So, all of these together will really contribute to that growth that you're looking at.

Akshay Patel: Okay, ma'am. And one follow-up question on that would be that our 65% of the revenue comes from just Silver and Gold contracts. So, do we foresee any challenges or risks regarding that two products, the whole 65% of our revenue?

Praveena Rai: I don't think 65% of our revenue is coming from Bullion. But as I said, we will be looking at expanding our range of products and that will certainly lead to a situation where we will have more products coming in with growth numbers in place. Chandresh, you want to talk about the current concentration?

Chandresh Shah: So, 65% is Bullion contribution only in the futures, whereas in the options, the Natural Gas and Energy products are having higher contribution.

- Akshay Patel:** Okay. And ma'am one last question, do we have any planning to come into the high-frequency trading or algo trading or something like that?
- Praveena Rai:** So, Akshay, that's a permitted category and we do have participants who have algo trading with MCX, even as we speak.
- Akshay Patel:** Okay, ma'am. Thank you so much.
- Moderator:** Thank you. The next question comes from the line of Ajox Frederick from Sundaram Mutual. Please go ahead.
- Ajox Frederick:** Thanks for the opportunity. My question is on the new client addition. You mentioned in your opening remarks about INR11 lakhs traded clients, which used to be INR9 lakhs. So, what has driven that increase in growth during the year?
- Praveena Rai:** So, hi Ajox. So, increasing the traded client participation is an important objective for the Exchange. And we have had a number of initiatives, including awareness sessions, working closely with our members to increase the client trading participation and so on. So, that has led to the increase in numbers that you're seeing here. And it's something we track every month, and we see a month-on-month growth in these numbers.
- Ajox Frederick:** Okay, okay. And going forward also, you feel this traction will continue, right? That's what you're saying. Your steps are indicating that.
- Praveena Rai:** The interest in commodity derivatives trading, you know, will continue to grow. We continue to stay focused on these initiatives, around creating awareness. So are our members. And I think we should see the results according to that.
- Ajox Frederick:** Very good, ma'am. Thanks a lot. And all the best.
- Praveena Rai:** Thanks, Ajox.
- Moderator:** Thank you. The next question comes from the line of Chintan Sheth from Girik Capital. Please go ahead.
- Chintan Sheth:** Thank you and congratulations, ma'am, for the role. One question I had on the FPI participation. You mentioned that we are working towards, increasing participation

from both, every strata of the trading community. If you can throw some light on how has been the FPI participation overall transaction in the quarter and how do you see this improving going forward?

Praveena Rai: Yes, I'm just going to request Rishi, our Chief Business Officer, to take this.

Rishi Nathany: Hi, Chintan. So, we are seeing the heightened interest from FPIs in our products. As of now, they're only allowed to trade in cash-settled contracts of Crude oil and Natural Gas. We have around 140 FPIs on the platform and many are participating very actively. And it's heartening to know that they are actually building a lot of OI on the Exchange. So, for example, in Crude oil, you know, we have around 17% OI on the long side and 32% on the short side from FPIs.

So that is something very healthy and also in terms of Natural Gas, it's 17% on both sides. So overall, we've seen that the participation is overall growing month-on-month. And we see this as a very strong segment going forward with more and more FPIs coming on board.

Chintan Sheth: If you look at the Crude contract for the last couple of months, starting from September, it has started to, you know, soften a little bit month-on-month. Any reason, which participations are kind of leading to lower volumes or lower transaction in the Crude contract?

Rishi Nathany: It's not like that. If you look at historically, the quarter three is always a soft quarter for, especially for international reference contracts, given all the festivals, season, etcetera. in both in India and Globally. Having said that, this quarter has been better than the last quarter. So more or less, it has always been that trend that Q3 has been softer than Q2 every year.

Chintan Sheth: Okay. And if you look at SGF contribution, we are now, earlier it was an ad hoc contribution policy, which now we have revised it to, every quarter we will be charging or provisioning the SGF contribution every quarter. Do we see the need for any tweaking in the rates or tweaking in the fees, transaction fees, given the regulatory burden seems to be heightening in the derivative side, both on equity and commodities?

Praveena Rai: So, at this stage, you know, I think our contribution is being well-managed and under control. And I think we addressed it earlier that we may need to review this, we will continue to review it. And if we need to contribute to further to support the kind of open interest growth that we see, then we will take action accordingly.

Chintan Sheth: Sure. And ma'am, just a bookkeeping question on how much cash we hold under the books as on date? And any thought process on how to utilize the same?

Chandresh Shah: So as on date, as on 31st December, we have around INR1100 crores surplus cash. And the utilization will depend on the plans, business plans, and how we want to invest in technology, new products.

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

Moderator: Thank you. The next question comes from the line of Parikshit Kabra from Pkeday. Please go ahead.

Parikshit Kabra: Hi, thank you for the opportunity. So, I'm actually struggling a little bit in terms, as an investor, to figuring out, you know, how to underwrite the growth of the company. Because yes, on the one hand, you're uniquely positioned to tap into this growing market. But on the other hand, in terms of any form of operational guidance in terms of how we are adding more clients, what our target for the clients that we'll be adding over the year or the instruments, we're left a little bit in the dark. So, number one request is, can we start at least showing the number of active clients on a quarter-on-quarter basis in our presentation so that we can at least start tracking that number?

Praveen DG: It is already, if you can look at our presentation, we are already giving the active clients, both in futures and options separately. And also, we are giving it at the consolidated level. We are giving quarterly as well as we are giving it on a yearly basis.

Parikshit Kabra: Okay. I apologize then. I seem to have missed it. I thought I had gone through it in detail, but fair enough. And secondly, in terms of actually adding clients, you mentioned briefly just now that you're doing awareness campaigns. But is it possible to understand this more? Like, what were we doing before? What are we doing now? Are we adding new avenues to increase awareness? Are we adding new features, not just products, but new features that enable certain type of clients to increase their trading volumes, so on and so forth?

Praveena Rai: So, I think over the months we have added the kind of products and contracts that are more amenable to a wider range of clients. So, I think, in fact, last year or earlier this

year, we have launched the mini, the Crude oil and the NG mini. We also have our one-gram gold leaf. We have the Gold guinea at eight grams. So, there are products which are specifically suited to this purpose, and this is something we will continue to explore.

Praveen DG: Just to add to it, in fact, we have recently come out with even the monthly contracts, like gold, so, we are looking for both product variants and also, we are looking for like another initiative that we have taken in the recent past is the branding, empanelment of brands. So, we are looking at how we can be able to add the value chains to the market. That is one side of it.

And also, we are looking at doing, like looking for opportunities in experimenting on the variants part, like minis. We have come out with monthly contracts and also looking for the new products. So, there are various series of actions that have been taken up. One is product enrichment and also looking for the new products and also looking for new avenues.

Parikshit Kabra: All right. Thank you.

Moderator: Thank you. The next question comes from the line of Deepak Ajmera from ITE India Family Office. Please go ahead.

Deepak Ajmera: Yes, thanks for the opportunity. My question is also on the similar line. We are saying that we will be launching lots of new products and we will increase FPI participation, etcetera, but as there is no clear timeline given by the management, but can you highlight what progress already we have made in that part whether it is weekly, option expiry, etcetera means what progress we have made and what is holding launching the same etcetera that will help us in understanding it more?

Praveena Rai: So, we are not in a position to comment on any timelines at this stage. I think we did call out that, we are operationally, have a certain level of readiness that will allow us to move fairly fast. Now a lot of these will be under regulatory purview. And we continue to explore various options that we will need to look to market based on the industry's requirement and at the right time, we'll be able to communicate this back.

Deepak Ajmera: Yes, similarly for Electricity derivative, etcetera. Yes, we agree you will be launching maybe later or sooner, but to understand it more what is holding these things and what progress we have made from the last two, three calls which we have attended?

Praveena Rai: My comments are the same, Deepak, from what I mentioned earlier. Nothing more specific to add for electricity and I think we discussed earlier on that it is high on our agenda. And we believe it's a very significant opportunity. So, we will be working in a very focused manner on that.

Deepak Ajmera: Okay. Thank you, ma'am.

Moderator: Thank you. The next question comes from the line of Ashish Parikh from MK Investment Manager. Please go ahead.

Ashish Parikh: Hi, thank you. I just wanted to have a brief understanding as to how margins differ from say cash settlement versus physical settlement. And just a follow-up in terms of margins which will be the most profitable, say Gold or Bullion or something like that?

Rishi Nathany: Hi, Ashish. So, margin doesn't differ per se from cash settlement or delivery settlement. It's only in the delivery period that you can face higher margins. That is because the chances of being marked for delivery are there. Having said that, each contract has different margins depending on their volatility and, as you know we all have that span margining system. So, this is that. Or if you see heightened volatility, there can be additional margins over and above.

Ashish Parikh: I'm sorry, margins I mean the revenue side for the company. So, in terms of physical settlement which would be the most profitable for a company?

Praveena Rai: Misunderstood the question.

Rishi Nathany: We are sorry, we misunderstood your question. So naturally, Chandresh, if you want to answer.

Chandresh Shah: See margins I think since we have a common system, it is not so easy to compute margins product-wise, but the contribution from maybe Energy and Bullion would be the highest.

Ashish Parikh: Okay. Yes. Thank you.

Moderator: Thank you. The next question comes from the line of Nandini Agarwal from Glove Capital Markets. Please go ahead.

Nandini Agarwal: Hello, everyone. Thank you, Ma'am... I wanted to ask that, we have talked a lot about increasing the participation in the Exchange, but on the lines of retail participation, I wanted to know your view on that. Since we have seen a tremendously increased interest by people in the age group of 20 to 30 and plus, 35 plus, for F&O trading in the equity markets. What is your take apart from awareness sessions and, of course, the products that you have launched to increase participation in the retail segment?

Praveena Rai: So, the 11-lakh number that we are talking about when it comes to unique traded clients really reflects that growing interest from the retail segment. About 25% of our volumes, 24% of really, our turnover, is also coming from mobile trading which can reflect the retail segment as well. Now, obviously, we don't know the age group of the segment or anything of that sort, but we do see this increasing interest and we believe that this participation will continue to grow.

Nandini Agarwal: Okay. Thank you, ma'am.

Praveena Rai: And also, number of our members who are large retail brokers will also contribute to this growth.

Moderator: Thank you. The next question comes from the line of Sanil from ICICI Securities. Please go ahead.

Sanil: Hello. Good evening, ma'am. Congratulations on a good set of numbers. So, my question is more on the same lines of the client participation. So, in your PPT, you give the traded clients data. So, in this quarter if I see on a sequential basis there has not been any increase in these clients, which was increasing on a very exponential scale if I look at the past two quarters?

So, any reason why this quarter there was not much growth and if I may continue on this, if I look as you said, there are 11 lakh unique participants. But now if I look at equities, there is about around 96 lakhs who had participated in F&O in the last year. So how much do you think is the potential of the commodities market in this?

Praveena Rai: So, we are seeing growth in the numbers of participants and traded clients. Now, the numbers for equity will, of course, be much larger. So, the Commodity derivative

numbers will be a subset of those numbers. But we do believe that there is potential for more retail participants to come into our numbers here.

So, for example, I think we are seeing more than 50% kind of a growth, happening if we look at this even quarter-on-quarter. Quarter over last year quarter, we are looking at nearly close to 50% kind of a growth. So, I think that interest, that increased interest, will continue to be there.

Sanil: So just if I may ask that, from let's say 90 lakhs in equity, what is the number you would assume in the next, let's say, 2, 3 years? Or from 11 lakhs, how much do you think that could grow in the next 2, 3 years? Or what would be an internal target if you can share?

Praveena Rai: Yes. So, it will be difficult to sort of put a number in the air there. But I think if we look at our ADT versus equities, I think, that growth will reflect in the kind of retail participation growth as well.

Sanil: Okay, thank you.

Moderator: Thank you. The next question comes from the line of Sanketh Godha from Avendus Spark. Please go ahead.

Sanketh Godha: Yes. Thank you for the opportunity. So, two, three questions. One on the tax rate. So, in the past, we guided that our tax rate will be around 22-odd percentage. And for the 9 months, that number seems to be lower than that. So, is it fair to assume that the tax rate will be closer to the current levels, what you are reporting, or it will be closer to 20-odd percentage?

Chandresh Shah: Sanketh, the tax rate would be around this level.

Sanketh Godha: So around 20%, 21% is the fair number to assume, sir?

Chandresh Shah: 25%.

Sanketh Godha: In the current quarter, the tax rate came at 20.8%. So just wondering...

Chandresh Shah: For tax rate, you check the standalone numbers.

Sanketh Godha: Okay. Fair point. Perfect. And the second question was, is it fair to tell that your SGF cost will be closer to 7% of transaction income? Because that's the trend what we can

see in last three quarters. So, with the volume growth, your open interest keeps on going up. And maybe, if I link it to transaction income, broadly at 7%. That's the trend we believe it will continue, Sir, for the SGF cost or you believe this number can taper down as the volumes will kick up in that sense?

Chandresh Shah: So Sanketh, the number, we keep monitoring that as per the requirement. And like Ma'am explained earlier, we would like to keep the corpus healthy, so that it meets the regulatory requirement also. And the volumes, the incremental open interest is all taken care of.

Sanketh Godha: Okay. Fair point. And Sir, last one. So, see, the premium to notional has fallen in November, December, and probably January seems to be on similar trend. So, is it fair to tell that monthly, bimonthly becoming monthly in Gold has contributed to that decline in premium? Or you believe that it is more to do, because with volume increase, people taking positions more in out-of-the-money contracts and that premium to notional number is coming off. And as the volumes pick up, this trend will be downward only going ahead.

Praveen DG: Are you looking at the premium to notional turnover?

Sanketh Godha: Option notional turnover. So that percentage for the quarter was...

Praveen DG: Yes. I'm just looking at that. So, for example, the quarter one, it was around 1.62. Quarter two, it was 1.69. And quarter three, it is 1.74. So, there is no significant change in this one. It is more or less around...

Sanketh Godha: ...Sir, I was more referring to November, December, and January, what you disclose in your website. So, October was insanely very good at 2.2, but it fell to 1.6, 1.54, and 1.57 for January till date. So, I was referring from that perspective because you had a very healthy October.

The numbers look optically better at 1.74, but November, December numbers are closer to below 1.6 percentage. So, I was just coming from that perspective, whether this trend will continue downwards or not.

Praveen DG: Typically, multiple factors impact your options to premium turnover ratio. Because one is the volatility factor. And suppose even the markets are in the growth phase, it is very difficult to say that what kind of ratio will continue, because you are still in the growth phase till the stability takes place. That means till markets mature, it is not possible that you will be able to give a particular trend.

But I am saying that at least in the recent times, I think it is more like maybe if you take a particular month, maybe the impact could be because of one or two contracts. But the volatility also could have played an important role.

Rishi Nathany: So Sanketh, if you see October, there was heightened volatility. Because of that, you are seeing that number. And it was an outlier of a month. Otherwise, if you correlate to the months of heightened volatility, you will see this ratio higher. Otherwise, as you all know that December normally is a very stable and placid month. So accordingly, you have seen those numbers. So, I do not see that how could anyone predict these numbers going forward.

Praveena Rai: If I can add...

Sanketh Godha: Yes, ma'am. Sorry.

Praveena Rai: So, I am also just looking at the premium turnover for options. And the premium turnover is increasing because really the ADT is supporting that. And Q2 was about INR3,264 crores. And there has been 11% growth to INR3,600 crores in Q3. So, I think the two have to be seen hand-in-hand to really look at their impact.

Sanketh Godha: Got it, ma'am. My only reason why I ask this question is that if volumes pick up, is a general observation at the Exchange level that out-of-money contracts volumes increase and that naturally leads to a structural decline in the premium to notional. Because we have seen the same thing in equity market. So, is it fair assumption to make that if the growth continues at the current momentum level, out-of-money contracts contribution will increase and that will lead to automatic lower number, premium to notional?

Praveen DG: It could be one of the factors, but we cannot say that is the only factor, because suppose growth is happening, that means if more strikes become more liquid, there is a

possibility that out-of-money contracts can become more liquid, and it can get traded. But we cannot say that that is the only factor.

Rishi Nathany: So, net-net, we cannot use this as a predictable trend to project price.

Sanketh Godha: Got it, sir. And last question. If you can give the float income on margin money in the current quarter, that will be useful as a data keeping point. And maybe if you can tell that number for 9 months and for the quarter?

Chandresh Shah: So that number bifurcation, we cannot provide, Sanketh.

Sanketh Godha: Okay, sir. That's it from my side, sir. Thank you very much.

Moderator: Thank you. Ladies and gentlemen, that was the last question. I now hand the conference over to Ms. Praveena Rai for her closing comments.

Praveena Rai: Thank you very much. I think we had some very, very good questions coming in. I hope clarity of really the results, as well as where MCX stands today, was made available to, both the session, the interactions and the Q&A. Thank you very much for your time here and your very active participation. I also want to thank my colleagues in the room for being here and being available for this conversation. Thank you.

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