MCX
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MCX/SEC/2266

August 17, 2023

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

Scrip code: 534091, Scrip ID: MCX

Subject: Transcript of calls with Investor/Analysts

Dear Sir/Madam,

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

Sr. No	Investor/Analysts	Date	Time	Annexure
1.	Ashmore Investment Management	August 10, 2023	2:30 PM	***Annexure - A***

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

Further, we hereby confirm that no unpublished price sensitive information was shared/discussed during the said meeting.

Kindly take the same on record and acknowledge receipt.

Thanking you,

Yours faithfully,

For Multi Commodity Exchange of India Limited

MANISHA HARSHAD THAKUR
Digitally signed by MANISHA HARSHAD THAKUR
Date: 2023.08.17 18:59:57 +05'30'

Manisha Thakur
Company Secretary

Encl: As above

MULTI COMMODITY EXCHANGE OF INDIA LTD.
EXCHANGE SQUARE, SUREN ROAD, ANDHERI (EAST), MUMBAI 400 093, INDIA. TEL: +91-22-6731 8888, FAX: +91-22-66494151, www.mcxindia.com
CIN: L51909MH2002PLC135594, info@mcxindia.com

Multi Commodity Exchange of India Limited

Meeting with

Ashmore Investment Management

August 10, 2023

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MANAGEMENT: MR. P.S. REDDY – MD & CEO
MR. SATYAJEET BOLAR – CFO
MR. DG PRAVEEN – CRIO

P.S. Reddy: Thank you Madam. Welcome for this meeting on the Q1 results. Please go ahead and file the queries, whatever you would like to have.

Rashi Talwar: Thank you so much for the meeting, Sir. Sir just wanted to get an idea, what are you all seeing with volume growth, where is the… with volatility in various commodities that we are seeing globally, are you seeing some correlation between where volatility is higher and volume growth tends to be higher, it has clearly been a good quarter for volumes and we are just trying to analyze it, because of higher volatility, is it because of just general higher participation, what do you attribute the underlying improvement in demand to?

P.S. Reddy: In this market definitely, volatility is the key to drive the volumes, no doubt about it, and incidentally this quarter happened to be one of the highest quarters in which we made revenue since 2013-2014. Of course, unfortunately for various, the operations expenses on IT have taken away a lot of cream of it, but otherwise, one of the best quarters that we have ever had in this company and that is in the past. Now having said that, yes, volatility drives the volumes and while volatility drives, we are seeing it in Crude, NG and even in the Gold it has picked up, and Silver also the options volumes... Because of additional margins that are imposed in the futures, the underlying futures are not as vibrant as the options contract. I think we need to have as much, what you call, vibrancy in the futures contract as we are seeing it in options. This is coming in the way of it, these additional margins. The additional margins are required to be addressed sooner than later and we have imposed these additional margins only because we have a SGF cover of only so much, and if you do not impose additional margins the SGF requirements goes up and then we have to take out of our own fund and then put it in this SGF, and since it is only a one way street you cannot take it back when the requirements go down. We are temporarily managing it with these higher margins. But otherwise also the margins are generally high as compared to what is there in International Commodities, and as far as options are concerned, I think India is one of the topmost in option contracts and we as Commodity Exchange, we are the number one in Crude Oil option contracts, number two in Gold and Silver. We are seeing number one in the world, that is what we are seeing and... I think we are there, kind of, but as options as a whole may not be number one, but yes, we are, for these individual products, we are.

Arpit Kapoor: So, just carrying on, let us say when before is the customer base the same, so people who are let us say, initially trading in futures because of the cost have now moved onto options and that is probably the trend we have seen in the equity market as well, so is that is one part and, or also seeing new users coming in so the overall user-base is increasing which is also leading to the increase in volume activity?

P.S. Reddy: Yes, some people do drop out, no doubt about it, but some do shift and new are joining. So, that is how we have 625000 unique customer base, we have got it. And these are the ones who have traded in the last one year or one-and-a-half years. We do not consider anybody who has traded only even in one quarter will consider them the unique traded, otherwise we do not trade. If somebody has traded in the last financial year and not traded this financial year, we drop out and with the mini contracts are also slowly bringing in those ones who have dropped out in 2019-2020, they are again coming back, but it is slow, and we bring them back into the market. One thing as I said I keep repeating, we may not be able to get as big as the equity markets are, because here a contract size, a single lot itself runs into a few lakhs and the margin on it will be few thousand rupees, so obviously, it is not an equity share, you buy share or two share kind of, and so that is why you won’t see droves of people coming to this market and trading in. But what is important again we are seeing it, the open interest is increasing in some of the contracts and the volatility may be low or the, what you call, in terms of participation may be low, but the open interest is increasing, means the hedgers are coming and then staying in the market. And we have seen a lot of increase in the number of hedgers on the Exchange platform. We keep disclosing on the Exchange website, but that is something which is heartening and helping us to look forward to, because it is a stable platform. It is able to help you to hedge your risk, provide adequate liquidity to meet your hedging requirements, so that is where it is.

Arpit Kapoor: Sir, in terms of new contracts is there, post the technology migration that we are undergoing, there is no limitation right now for us in introducing new contracts, right?

P.S. Reddy: Yes, there should not be any limit. Once we get the platform going and I think we will introduce, wherever new contract approvals we have received, we should be able to introduce.

Arpit Kapoor: That will continue because we introduced a couple of mini contracts as well?

P.S. Reddy: In the month of March, we introduced three mini contracts. Two of them we are yet to get approvals, that is related to Copper and Nickel. There we could not get it because the trading unit and then delivery unit has to be same, that is the one rule at this point in time is currently in place, and in the case of Nickel it is 1.5 tonnes and then Copper it is 2.5 metric tonnes. You would not get any smaller delivery lot in the market, so that is why we have to have the same thing. Otherwise, we propose to go to 250kg Nickel and 500kg Copper contract, so that smaller investors, smaller players can be attracted to this market.

C Govindaraju: Suppose if you launch a contract of let us say, next year January expiry date, in 63 Moons software, so how easy is it to shift to the new software? Is it happens whenever you launch?

P.S. Reddy: There are contracts already till 2024, June or May 2024 contract, but they are all inactive. Inactive means there is hardly any liquidity, hardly any open interest. Whatever contract that are active of the near month that is, current month, and next month, may be at best one more month, not beyond that.

Rashi Talwar: That transition should not be..?

P. S. Reddy: Should not be a problem. That is part of the data migration anyway.

C Govindaraju: You do not need to launch again a new product or a contract to the same?

P. S. Reddy: It is like transferring from existing is to porting the data, that is all. It is a more porting of data than anything else.

Arpit Kapoor: Post you port it, and once you stabilize the system, do you expect to launch a lot more products which probably, because of the fact that the last six to nine months we have been again with the transition, or some of the new product launches would have been on the backburner?

P. S. Reddy: Well, as we have announced, we got a Steel contract, Steel log, rods, and that is kept on the backburner because of the transition. Once we are there, then we will launch.

Arpit Kapoor: So, then you have better flexibility and more management bandwidth also. Once you are able to stabilize, once you are able to migrate… Just last bit on the software expenses, post the transition there would be, I guess if I remember right there was one year service contract?

P. S. Reddy: Warranty one year, thereafter AMC will kick in.

Arpit Kapoor: For the first year you will not have any delta incremental cost, it could just be the amortization of the software that you will start doing?

Satyajeet Bolar: Some operating software...

P.S. Reddy: So what you are saying is TCS no AMC for first year, but there are kind of like DB2 database, SQL and these are all licenses on which you have pay the AMC.

Arpit Kapoor: Anyways you would be paying...

Satyajeet Bolar: It is now under TWL. When we go live it is under TWL. Once we go live, that part will come.

Arpit Kapoor: Okay so part of it will come in the AMC, but then most of the others would come let us say after one most, the TCS-related expenses would come?

Satyajeet Bolar: TCS part will come after one year.

Arpit Kapoor: What would be the duration for you, that you would take to amortize the software cost?

Satyajeet Bolar: Within six to eight years.

Arpit Kapoor: Is there any benchmarking that you guys have done vis-à-vis let us say what other Global exchanges use?

Satyajeet Bolar: It is around eight years is, most of them...

Arpit Kapoor: Most of them use…

P.S. Reddy: Right. Ok. Thank you. Thank you, madam.

Rashi Talwar: Thank you so much Sir. Thank you for taking the meeting.