



# **National Stock Exchange of India Limited**

## **Q1 FY26 Earnings Conference Call**

**July 30, 2025**

**MANAGEMENT:**

**SHRI ASHISHKUMAR CHAUHAN - MANAGING DIRECTOR & CEO**  
**SHRI IAN DE SOUZA – CHIEF FINANCIAL OFFICER**  
**SHRI SRIRAM KRISHNAN - CHIEF BUSINESS DEVELOPMENT OFFICER**  
**SHRI SHHARAD DHAKKATE - CHIEF HUMAN RESOURCE OFFICER**  
**SHRI PIYUSH CHOURASIA - CHIEF REGULATORY OFFICER, MEMBER COMPLIANCE, SURVEILLANCE, MEMBER INSPECTION & INVESTIGATION**  
**SHRI ANKIT SHARMA – CHIEF REGULATORY OFFICER, LISTING & INVESTOR COMPLIANCE**  
**SHRI SOMASUNDARAM K S – CHIEF ENTERPRISE RISK OFFICER**  
**SHRI VIRAL MODY - CHIEF TECHNOLOGY OFFICER (APPLICATIONS & DEVELOPMENT)**  
**SHRI MAYUR SINDHWAD – CHIEF TECHNOLOGY OFFICER (OPERATIONS)**  
**SHRI SAMPATH MANICKAM – CHIEF TECHNOLOGY OFFICER (TECHNOLOGY INFRASTRUCTURE)**  
**SHRI AMBER GUPTA – HEAD LEGAL**  
**SHRI TIRTHANKAR PATNAIK – CHIEF ECONOMIST**  
**SHRIMATI PRAJAKTA POWLE – COMPANY SECRETARY**

**Moderator:**

Ladies and gentlemen, good day and welcome to the National Stock Exchange of India Limited's Q1 FY26 earnings conference call. 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 conference call, please signal an operator by pressing "\*" and then "0" on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Shri Ian de Souza, CFO of NSE India. Thank you and over to you, sir.

**Ian de Souza:**

Thank you, Michelle. Good evening, everyone and welcome to NSE's earnings call to discuss the results for the first quarter of FY26. Please note that this conference is being recorded and a transcript of the same will be available on our website. The Financial Results and Investor Presentation are also available on our website.

Joining us today on this Earnings Call is NSE Leadership Team consisting of Shri Ashishkumar Chauhan – MD & CEO; Shri Sriram Krishnan – Chief Business Development Officer; Shri Shharad Dhakkate – Chief Human Resource Officer; Shri Piyush Chourasia – Chief Regulatory Officer (Member Compliance, Surveillance, Member Inspection & Investigation); Shri Ankit Sharma – Chief Regulatory Officer (Listing and Investor Compliance); Shri Somasundaram K S – Chief Enterprise Risk Officer; Shri Viral Mody – Chief Technology Officer (Applications & Development); Shri Mayur Sindhwa – Chief Technology Officer (Operations); Shri Sampath Manickam – Chief Technology Officer (Technology Infrastructure); Shri Amber Gupta – Head (Legal), Shri Tirthankar Patnaik – Chief Economist, and Shrimati Prajakta Powle – Company Secretary. We also have other colleagues from finance, investor relations, secretarial and corporate communications.

Please note that the statements made on this call may reflect the Company's outlook for the future, which may be construed as a forward-looking statement. Such forward-looking statements must be reviewed in conjunction with the risks that the group faces, and actual performance or

events may differ from those in the forward-looking statements and as a result of various uncertainties and factors which may be beyond the Company's control. With that, I would now like to hand over the call to Shri Ashishkumar Chauhan, MD & CEO of NSE. Over to you, sir.

**Ashishkumar Chauhan:** Good evening, everyone and thank you for joining us today. I would like to begin by extending my heartfelt congratulations to Honorable Prime Minister Shri Narendra Modi for the historic India-UK Trade Deal. This marks a new era of cooperation and opportunity between two dynamic economies.

India's economic and capital market journey continues to be one of resilience and transformation. The provisional FY25 GDP growth rate estimate at 6.5% exceeded expectations, reaffirming India's position among the world's fastest growing major economies, and marking a milestone as it overtook Japan to become the fourth largest economy globally.

This macroeconomic strength is mirrored in our capital markets.

- Global equity markets ended the June quarter on a strong note, as a pause on the reciprocal tariff package for 90 days, and progress in trade negotiations with several countries including China aided sentiments.
- The Nifty 50 index generated a return of 8.5% in the June quarter, translating into an annualised return of 11.8% in the last 10 years, well above the returns given by major global indices.

Globally, India with a market capitalisation of Rs. 459 lakh crore or US\$5.4 trillion as of June 30, 2025, remains the fourth largest market in the world. This quarter reflects the continued evolution of India's financial markets to meet the aspirations of a new, confident, and digitally empowered India.

NSE continues to play a pivotal role as a frontline regulator, committed to ensuring robust market integrity and investor protection. NSE is also at the forefront of democratizing market access, enhancing transparency and enabling efficient capital formation. Through initiatives such as deepening

retail participation and expanding global partnerships, NSE remains at the forefront of progress.

Let me now highlight a few of the many milestones achieved in the last quarter:

- The total number of investor accounts crossed 22 crores in April 2025, just six months after reaching 20 crores. The number of unique registered investors stood at 11.6 crores as on June 30, 2025 reaching 99.9% of pin codes in the country, with Gujarat joining Maharashtra and Uttar Pradesh as the third state to surpass 1 crore investors, a sign of deepening retail participation across regions.
- Today, we have issued a press release that NSE has reached 23 crores investor accounts as of date, just three months after reaching 22 crores.
- Domestic Institutional Investors contributed a record of 1.7 lakh crores or US\$ 20 billion in net inflows during Q1 FY26, the highest ever in a single quarter. The strong domestic support has helped stabilize markets amid global capital flow volatility.
- During the quarter, NSE International Exchange (NSEIX) signed an MoU with the Cyprus Stock Exchange, paving the way for cross and dual listings, joint product development and capacity building initiatives enhancing India's global financial footprint through GIFT City.
- We marked a major milestone in India's energy markets with the successful launch of Monthly Electricity Futures aimed at providing participants with effective hedging tools and enabling transparent prices in the power sector. The launch was graced by SEBI Chairman Shri Tuhin Kanta Pandeyji, CERC Chairman Shri Jishnu Baruaji, and other senior leaders from the power and financial ecosystem. The product has garnered a positive response from a wide spectrum of market participants. With over 1,709 million units traded with a cumulative value of Rs. 744 crores across 34,190 lots in the last 10 trading days, these futures are expected to encourage capital

investments across the electricity value chain-generation, transmission, distribution, and retail - supporting India's net zero ambition and strengthening NSE's role in building a transparent, liquid, and investment-friendly electricity market.

NSE remains committed to broadening investor participation across all regions of the country and all segments of society. As of June 30, 2025, the corpus of the NSE Investor Protection Fund stood at Rs. 2,573 crores, reflecting a strong 21.8% YoY growth.

While India ranks amongst the largest derivatives market globally in terms of contract traded, reflecting the vibrancy and accessibility of our markets, it is important to note that the average contract size in India is relatively small. The higher volume is largely driven by the smaller contract size of Indian options. For example, U.S. Standard & Poor's contract is nearly 28 times larger than a Nifty contract in notional value today and even the mini-SPX contract is three times larger. In value terms, NSE's premium turnover is less than one-fifth of US options turnover for stocks. The gap widens further when exchange trade options on US index futures are included. This distinction helps provide a clearer picture and a view of trading activities across geographies.

Today, another news has been received that Brazil B3 exchange has now upstaged NSE in the current Calendar Year 2025 as the largest trading derivatives exchange in options due to their even lower contract size for the first seven months of the year.

Let me now highlight a few key developments of our subsidiaries during the quarter:

NSE Sustainability Ratings & Analytics Limited, a wholly owned subsidiary of NSE Indices Limited, launches an ESG rating for 500 listed companies, reinforcing our commitment to responsible investing and corporate transparency.

NSE Indices introduced 8 new Indices, taking the overall portfolio to 417 Indices as of June 30, 2025. During the quarter, NSE Indices introduced Nifty 500 Healthcare Index, which tracks the top 50 healthcare stocks from the Nifty 500, serving as a benchmark for ETFs and structured products. To support India's growing creative economy in the presence of Honorable Chief Minister of Maharashtra, Shri Devendra Fadnavis, NSE launched the Nifty WAVES Index at WAVES Summit 2025 which tracks media, entertainment and gaming sectors.

We remain committed to continue building a future-ready capital market ecosystem that is inclusive, transparent and resilient. As India marches ahead on its journey to become a global economic powerhouse, NSE will continue to play a catalytic role empowering every Indian to invest and to be a part of the nation's growth story.

I thank all our stakeholders for your continued trust and support.

With this overview, I would like to now hand over the call to my colleagues, CFO – Shri Ian de Souza and Chief Business Development Officer – Shri Sriram Krishnan, who would discuss the financial and operational business performance of the Exchange respectively in further detail. Over to you, Ian.

**Ian de Souza:**

Thank you, sir. Good evening, everyone. I will now cover the financial performance for the first quarter of the FY26.

NSE's consolidated group total income for the Q1FY26 increased 9% QoQ to Rs. 4,798 crores. The QoQ increase in total income was driven by an increase in volumes across both cash market and derivatives segments coupled with an increase in investment income and higher non-operating income.

For the quarter, income from transaction charges, which constituted 66% of the consolidated total income, increased by 7% sequentially to report at Rs. 3,150 crores. Non-operating income from investments, that constitutes 13% of the total income, increased by 13% QoQ to report at Rs. 616 crores. During

the quarter, there was a one-off on account of interest received on an income tax refund which was Rs. 132 crores.

On a consolidated basis, the total expenditure in Q1 FY26 declined sequentially by 6% to be reported at Rs. 1,053 crores. This was primarily on account of previous quarter expenses that included a year-end provision of CSR contribution. This decline was partially offset by an increase in employee expenses and regulatory expenses.

The operating EBITDA in Q1 of FY26 increased 12% sequentially to report at Rs. 3,130 crores.

We remain on track to divest non-core businesses, as commented in previous quarter's commentary. During the quarter, we have successfully executed a non-binding agreement to sell our KYC registration agency (KRA) business through a Business Transfer Arrangement. The transaction is expected to close shortly.

Excluding gain from sale of investments in subsidiaries and associates and other one-offs, the normalized consolidated profit before tax in Q1 FY26 increased by 12% QoQ to report at Rs. 3,683 crores. Profit after tax on a consolidated basis increased by 10% sequentially to report at Rs. 2,924 crores. Earnings per share on a non-annualized basis in Q1 FY26 was Rs. 11.81 per share as against Rs. 10.71 per share in the quarter four of the previous financial year.

On a standalone basis, NSE's total income in Q1 FY26 decreased 28% QoQ to report at Rs. 4,243 crores. This was largely on account of a one-time dividend of Rs. 1,982 crores received in the last quarter of the previous financial year, which was received from our investment subsidiary. Excluding this one-time subsidiary dividend, NSE's total income in Q1 FY26 increased 9% sequentially.

Standalone revenue from operations in Q1 FY26 increased 6% sequentially to report at Rs. 3,608 crores. Revenue from transaction charges increased 7%

QoQ driven by higher volumes across both cash market and derivatives segment. Within transaction revenue, equity options contributed 76%, while cash market and equity futures accounted for 13% and 11% respectively.

Total expenditure on a standalone basis decreased 5% QoQ to report at Rs. 1,010 crores. This is largely on account as mentioned earlier, in terms of the last quarter is the quarter where we make our provisions for CSR obligations.

Operating EBITDA on a standalone basis increased 11% QoQ to report at Rs. 2,714 crores. Operating EBITDA margins was 75% in Q1 FY26.

The standalone profit before tax on a normalized basis increased 13% to report at Rs. 3,141 crores. Standalone net profit after tax in Q1 FY26 reduced 40% QoQ to report at Rs. 2,409 crores primarily on account of a one-time subsidiary dividend that we received in Q4 of the previous financial year.

During Q1 FY26 period, NSE contributed Rs. 14,331 crores to the exchequer, which included STT and CTT of Rs. 12,338 crores, stamp duty of Rs. 875 crores, SEBI-related fees of Rs. 265 crores, Income tax of Rs. 338 crores, GST of Rs. 515 crores.

I will now cover a few facts on key subsidiary companies:

Total income reported by NSE Clearing on a standalone basis increased by 11% to report at Rs. 522 crores in Q1FY26. NSEs GIFT City Exchange reported a total income of Rs. 33 crores in Q1FY26 and reported a net loss of Rs. 1 crore.

Total income from two other subsidiaries, NSE Indices and NSE Data Analytics was Rs. 49 crores and Rs. 92 crores, respectively in Q1 FY26.

With this overview, let me hand over the call to my colleague, Shri Sriram Krishnan, Chief Business Development Officer of NSE, who will take you through the operational performance of the company and group on key business parameters. Thank you. Sriram, over to you.



**Sriram Krishnan:** Thank you, Ian. Good evening, everyone. I will discuss the trends and highlights across our key products and business segments.

Let me begin with the Listing Services segment. NSE continues to solidify its role as the engine of capital formation, channeling household savings into productive investments, and remains the preferred exchange among corporates in India for raising capital.

After a subdued start to the year, fundraising activity gained renewed momentum in Q1 FY26 with a total of Rs. 5.2 lakh crore raised via equity, debt and business trusts on the NSE platform, which represents a 13% increase QoQ.

In the equity segment, 33 companies raised Rs. 15,077 crores through IPOs on both the Main Board and SME platforms. Of these, 9 companies raised Rs. 13,851 crores on the Main Board, with the average deal size increasing 20% YoY to approximately Rs. 1,539 crores.

On our SME platform, 24 companies raised Rs. 1,226 crores in Q1 FY26, bringing the total number of listed SMEs to 634 on NSE Emerge. We also signed a Memorandum of Understanding with the Uttar Pradesh Small Industries Corporation to facilitate SME fundraising in the state, furthering our commitment to inclusive economic development.

On the debt side, Rs. 4.21 lakh crores was mobilized through CPs and NCDs, up 43.1% YoY. Our Electronic Bidding platform facilitated Rs. 1.33 lakh crores in corporate bond issuances, a 60% YoY increase.

The municipal bonds market also expanded, with four new issuers raising Rs. 325 crores, including Rs. 200 crores by Greater Chennai Corporation. As of June 30, 2025, 17 issuers have raised Rs. 3,359 crores through 23 municipal bond issuances.

A landmark moment came with the issuance of India's first sustainability-linked bonds by Larsen & Toubro worth Rs. 500 crores under SEBI's ESG

framework, a significant step toward aligning capital markets with sustainable development goals.

Let's now move to NSE's domestic rankings. Across product segments, NSE continues to maintain its leadership position. In Q1 FY26, our market share stood at 93.8% in the cash market, 99.8% in equity futures, and 78.6% in equity options. In debt secondary market trade execution and reporting, our market share was 96% in the RFQ segment, 99% in CBRICS and 100% in Tri-party repo in Q1 FY26.

We also launched monthly electricity futures contracts on July 14, 2025, following SEBI's approval in June 2025, marking a new chapter in India's power markets.

Beyond trading, NSE remains deeply committed to investor education and outreach. In Q1 FY26, we conducted 3,455 investor awareness programs, reaching 1.7 lakh participants, a 415% increase YoY. We also initiated targeted programs for employees of India's top 50 listed companies, engaging over 1,900 participants.

Under SEBI's aegis, we co-hosted a Mega-Regional Investor seminar in Agra, attended by over 1,200 participants, including police, CISF, army personnel, corporates, and students.

We also signed MoUs with WE-HUB Foundation, Telangana to promote financial literacy, empower women entrepreneurs, and support MSME fundraising and Government of Odisha to advance financial literacy and skill development in the BFSI sector.

NSE remains committed to strengthening the Social Stock Exchange by fostering an enabling ecosystem for social impact fundraising, with a 100% market share in project listings (with two joint project listings) and 92 active registrations.

In Q1 FY26, three projects raised Rs. 20.4 crore, including the Council for Green Revolution, which raised Rs. 69 lakhs for India's first climate action

project, empowering 45,000+ student earth leaders. This milestone reflects NSE's commitment to democratizing social impact investing through retail participation.

On the global front, NSE partnered with the Foundation for Public Awareness and Policy (FPAP) to host an exclusive interaction series with Heads of Foreign Missions in Delhi. This initiative aims to strengthen India's global partnerships and showcase the growing significance of Indian capital markets on the international stage.

I shall now cover a few aspects of our key subsidiary companies:

For NSE Indices, as of June 30, 2025, a total of 422 passive funds (comprising of ETFs and Index funds) in India were tracking Nifty Indices. These funds had a combined AUM of Rs. 8.35 lakh crores, accounting for 73% of the total equity and debt passive AUM of Rs. 11.48 lakh crores in India. On the global front, one new passive fund tracking Nifty Indices was launched in Korea during the Q1 FY25-26, taking the total number of passive funds tracking Nifty Indices in the international markets to 34. The combined AUM of all the funds tracking Nifty Indices in the international markets stands at about US\$4.7 billion at the end of June 2025.

NSE Data that manages and disseminates the exchange data continues to see an expansion in its client base for both real-time data and historical data. CKYC business has onboarded a total of 8,214 reporting entities on the CKYCRR platform. As of 30 June 2025, over 103 crore KYC identifiers were issued to individuals and legal entities, and more than 151 crore CKYC records were fetched by the reporting entities from the Registry.

NSE International Exchange at GIFT City, Gandhinagar continues to witness strong activity. As on 30 June 2025, total UCCs registered on NSEIX reached 69,576, a 7% increase sequentially. The platform has 79 registered members, of which 61 are currently enabled. NSEIX's average daily turnover increased to US\$4.57 billion in Q1 FY26 from US\$4.23 billion in Q4 FY25.

As we look ahead, we remain focused on working closely with stakeholders to expand market access, strengthen capital formation, and support productive investment across sectors. Over the past three decades, India's capital markets have evolved significantly, with NSE playing a role in improving transparency, efficiency and investor trust. Looking forward, we see continued potential for well-regulated markets to contribute meaningfully to India's economic growth and long-term development as well as larger wealth creation opportunities for investors.

Thank you. With this, let me now hand over the call to the operator for the Q&A session.

**Moderator:** Thank you very much, sir. We will now begin the question-and-answer session. The first question is from the line of Devesh Agarwal from IIFL Capital. Please go ahead.

**Devesh Agarwal:** So, my first question would be on diversification. And on that account, firstly, I would like to congratulate the team for the successful launch of power derivatives. I think we are dominating the market share there. So, congratulations to the entire team.

But the question is basically, in terms of as we see pressure on our equity business, what are our strategies to diversify into other segments, be it GIFT city or commodities or power derivatives? And which one do you think can contribute materially going forward to our business? That will be the first question.

**Sriram Krishnan:** So, I think you raised a very pertinent question. And the way we look at it is, we need to deliver products which are required by the market participants rather than deciding ourselves what to launch and what not to launch. With this objective, we keep gathering feedback from time to time. And based on recent feedback, we have launched electricity derivatives, a product on which we were working for the last couple of years.

We plan to also further come out with a few more contracts in the commodity space. And on the equity derivative space, we already have 5 contracts, one with weekly expiry and four with monthly expiry. Therefore, given that there is a set of reforms being rolled out, we will prefer to adopt waiting and watching to see what the feedback is from market participants.

One piece of feedback that has come in is for us to consider launching VIX futures, something that we may consider at a suitable point in time. Other than this, we believe that we will expand as needed across power derivatives and the other products on the NSE International Exchange.

**Devesh Agarwal:** And, sir, my second question would be in terms of the co-location services. Firstly, I would want to know, is there any change in the share of HFT's contribution in the turnover, in the overall derivatives turnover? And secondly, we had intended to add almost more than 3,000 racks. So, what is the progress on that? That will be my last question.

**Sriram Krishnan:** So, on the racks, later this month, we will be coming out with around 200 racks. Plus, additionally, in August, around 189 racks. September, another 189 racks. October, 93 racks. And November, about 188 racks. All put together, I think we will be about 660 racks approximately, which will definitely be able to take care of all the pending applications in the queue. We will further expand based on the demand-supply situation as we see it.

We don't specifically comment on share of specific segments within the market participants. In our Market Pulse publication, we broadly give the ratio or the contribution to volumes, transaction volumes from different types of investors. So, broadly, retail contribution is about 36% and institutional contribution is about 64%.

**Ashishkumar Chauhan:** The 660 racks are new racks above 1,200 already functional. So, totally, it will be 1,860 racks.

**Moderator:** The next question is from the line of Prayesh Jain from Motilal Oswal. Please go ahead.

**Prayesh Jain:** Just a couple of questions. Firstly, with respect to the settlement case, settlement with SEBI, media articles have mentioned more than Rs 1,400 crore settlement. And in the notes, we have mentioned that we don't need to provide for anything. So, anything that you want to highlight there? And secondly, from September onwards, the expiry will shift to a Tuesday. What is the kind of benefit that you expect from that sir?

**Ian de Souza:** So, let me take the first one. In terms of the notes to accounts, we have disclosed we made a settlement application for two matters, the co-location and the dark fiber matter. As we have disclosed that this is under consideration by SEBI. So, as per the Ind AS (Indian accounting standards), which we are subject to, only once the application has been considered and we get a revert back, that it will become an obligatory event. At that stage, we will make a provision in the financials.

**Ashishkumar Chauhan:** The second question, on the shifting to Tuesday, it remains to be seen what impact it will have on volumes.

**Moderator:** The next question is from the line of Madhukar Ladha from Nuvama Wealth. Please go ahead.

**Madhukar Ladha:** So, a couple of questions from my side. Number one, see, I want to get a sense of what the thought process was because right from the beginning of NSE, NSE's expiry has always been on Thursday. So, you would have some thought process or some consideration, some benefit that you would have expected from this move to Tuesday. So, any comments around the thought process or any quantification, if possible, in terms of even market share, that would be helpful.

Second, if we look at the quarterly numbers, there is some increase in our other expenses and also employee benefit expenses. If you could just help us understand what that is and what sort of run-rate should we expect for the rest of the quarters in this year?

**Ian de Souza:** We will come back to the question on expiry. But in terms of employee expenses, the run rate typically picks up in the first quarter of the year because you have a set of employees who join at the end of the last quarter of the previous year. So, you see the full quarter impact of those employees' expenses.

Secondly, as you probably know, in the Q1, you have the impact of the annual increments. So, around 10% of the hike is explained by the annual increments. Another 3%-4% has an impact from various actuarial valuations for retirements, leave encashment and other miscellaneous provisions, and about another 3%-4% has an impact on account of new joiners whose full quarter expenses are with the P&L. You had the second question also.

**Madhukar Ladha:** And other expenses.

**Ian de Souza:** Other expenses, if you see, largely, if you look at it from a consolidated financials perspective, other expenses have increased YoY significantly on account of the fact that till the first half of the previous financial year, NSE IT, which is a big service provider, was part of the NSE group. So, whatever billing was raised by them to the extent of almost Rs. 40 crores per quarter was getting eliminated in the consolidated financials. So, now that is not getting eliminated because it is a third-party entity, and that is getting reflected in the quarterly billing run rate in technology.

The second thing is we are building a strong technology infrastructure in the group companies as well. So, you would see some uptick in some of the group companies like the Clearing Corporation. For the one-time expense of Rs. 40 crores, which is a settlement as disclosed in our notes to account for inspection report that we have received acceptance from SEBI to settle this. So, this was for the inspection report of FY23-24.

**Sriram Krishnan:** On the other question, which was on the expiry day change, based on market feedback, we initially had proposed to change it to Monday, and we had also issued a circular on the Monday expiry. This was based on feedback by market participants that the CME group, for example, offers mini S&P 500 options

which have Monday expiry. Even the Korea Exchange has a Monday expiry product. And market participants had suggested that this could be useful. And that is the reason why we had proposed for Monday.

But SEBI came out with a new consultation paper and asked us to put the Monday expiry proposal on hold. The consultation paper proposed that the expiry days can either be on Tuesdays or on Thursdays. And all of this postponed our plan to change the expiry day by around 5 months. Things have changed. Now we have opted for Tuesday again based on market feedback. And we remain confident that this will hopefully be useful to market participants.

**Moderator:** The next question is from the line of Gurpreet Sahi from Goldman Sachs. Please go ahead.

**Gurpreet Sahi:** I just have one simple question regarding the biggest earnings driver that we have right now, which is the options activity. And so, what is the outlook that we see with regards to the industry developing? Post the reforms that SEBI had implemented late last year, this industry is declining by around 20%-30%, except for unusual volatility that comes in during elevated levels of VIX.

So, how do we see new growth here into the next one or two years? I am not talking medium term. I do acknowledge that the capital markets industry is underpenetrated in India with respect to the number of people accessing it, etc. But just over the next one, two years, the regulator is concerned. And so there might be some action there. So, how do we see this growth driver panning out over, let's say, FY26 and FY27?

**Sriram Krishnan:** On options, I think one has to look at it very differently based on the principle of integrity. We have to really look at what is good for the retail participants, particularly. And SEBI had, after a survey a couple of years back, highlighted that 90% of retail participants seem to be losing money trading options. And hence, they had embarked on the process of reforms.



While five of the six proposed reforms have been implemented and there has been impact on the volumes, we still see that the latest survey also seems to suggest that retail participants are still losing money trading options. We have to therefore wait for further regulatory guidance in terms of what thought process they would like to pursue.

However, the drop in activity is quite noticeable, particularly with the high-frequency traders, for instance, who are on a wait-and-watch mode as further changes and further developments are very much sort of being watched for. So as such, we look at it as an evolving space. And we will be guided by regulators in terms of what reforms they want to roll out.

Position limits is an important topic. It's being rolled out in a phased manner beginning July, going all the way to a later part of this year. And in addition, we had earlier proposed that possibly investor eligibility criteria and product suitability criteria are good points to pursue. By introducing an investor eligibility criteria and also a suitability criteria with respect to products, we could ring fence the losses of retail investors and make sure that investor education and awareness are, in the meantime, spruced up.

So, I think key market participants have also opined, likewise. Many of the market participants have expressed that they are on wait-and-watch mode because of recent SEBI action. The global trade and tariff uncertainty are also adding to the cautious sentiment. Structural impact of losing one major liquidity provider plus the fear of spikes, lack of clarity, etc., are other factors which have been highlighted by market participants in terms of why there has been a recent drop in the volumes.

**Moderator:** The next question is from the line of Supratim Datta from Ambit Capital. Please go ahead.

**Supratim Datta:** My question is on the cash market side. So, recently the common contract note has been introduced. Just wanted to understand, how are you seeing volumes on the SOR side change due to this? And what kind of impact are you expecting this to have on your market share and volumes on the cash side?

**Sriram Krishnan:** The common contract note went live very recently, just a couple of weeks back. Initial feedback from market participants is that this is a very useful change as the concept of reconciliation, which used to be seen as a difficult activity for investors, has now become seamlessly possible to deal with.

So, this is early days. These are early days yet to comment on any impact. This is an initiative mainly aimed to simplify the post-trade process by simplifying the process of reconciliation. So, trading volumes are determined largely by available liquidity and depth. Therefore, it is a topic that we should not get confused around.

**Supratim Datta:** And if I could squeeze in one more. So, when I look at the clearing charges and I am talking about the clearing revenue, and I look at it as a proportion of contracts with BSE, it seems like QoQ also, there has been a fall in clearing charge per contract, around 6% drop. Just wanted to understand why is that being the case?

**Ian de Souza:** You are talking about the clearing charges reported by NSE in its financials?

**Supratim Datta:** Yes, on the consolidated financials, the revenue, clearing revenue, when I divide the clearing charge revenue by the contracts with BSE and NSE.

**Ian de Souza:** Yes. So, essentially, if you see, the premium turnover of BSE has increased, but the billing is based on number of contracts. So, the number of contracts have actually reduced. So, hence, that is the case.

**Supratim Datta:** But QoQ, it is fairly similar, so.

**Ian de Souza:** No, but if you see, over time, there has been an 8% decline.

**Moderator:** The next question is from the line of Shalabh Agarwal from Oxbow Capital. Please go ahead.

**Shalabh Agarwal:** I have just one particular question. So, there has been a regulatory ban to some extent to one large HFT player. I just wanted to understand what can be the impact of this on other HFTs or basically just trying to understand what

can be the second-order impact on other players which are in the market. And just a follow-up on that itself, are there any other HFTs which were using similar sort of strategy in the market? That's it, sir.

**Ashishkumar Chauhan:** So, Jane Street, naturally, is a revelation to many. And currently, in some ways, the other part is more a surveillance matter, which we don't discuss. Even I am not privy to that because of the way the regulations work. It's between our surveillance department and SEBI.

But basically the Jane Street part will naturally affect at least some of the HFT firms in thinking about what they are doing and all. And so, hopefully, they will reconsider their strategy in case they were doing something really wrong and then come to the right path. Because Indian markets usually allow everyone to do what is correct.

**Moderator:** The next question is from the line of Shantanu Bawari from PPFAS Mutual Fund. Please go ahead.

**Shantanu Bawari:** So, I just had one simple question. So, as per the financials, I can see interest income in two places. There is an operating investment income and an investment income as part of other income. So, can you please explain the difference here?

**Ian de Souza:** So, the operating investment income is key to the Exchange. In terms of the non-operating income, it is actually the surpluses of the Exchange that are deployed. And interest on that is reported as non-operating. So, if you see the larger component is coming from non-operating, that is from the surpluses that you see on the Exchange's balance sheet.

**Moderator:** We will take the next question from the line of Dharmil Shah from Dalmus Capital Management. Please go ahead.

**Dharmil Shah:** So, my question is for the option segments. The HFTs are on wait-and-watch mode. The position limits measures are implemented. What do you think could be the impact going ahead for maybe, let's say, next one or two years

on the option derivative volumes? And secondly, if the market activity itself goes down, I mean, is a target still intact for adding 2,000 racks beyond FY26?

**Sriram Krishnan:**

Like I mentioned earlier, the addition of racks and expansion of the co-location service will entirely depend on perceivable demand at the point in time. So, while we have already embarked on the expansion and will make available the racks based on the numbers which I previously shared a little earlier on the call, any further expansion thereafter, we will have to review at a slightly later stage.

As far as the earlier question of yours is concerned on the potential impact of options going forward, it is very difficult for us to comment on what will be the impact on options volumes one year down the line. At the moment, like I mentioned, a lot of market participants are on wait-and-watch mode because of lack of clarity.

And also, there are certain global developments like the trade and tariff uncertainty and fear of spikes. And there are also some large counterparties who have set up shop onshore in India who are particularly withholding their planned expansion. And they are waiting for further clarity from the regulators on the next steps in terms of reforms, if any, and other steps that may be taken.

So, it is a very challenging environment and something that is constantly evolving. So, we will all have to wait and see what happens.

**Moderator:**

The next question is from the line of Vivek Patel from Ficom Family Office. Please go ahead.

**Vivek Patel:**

The question was, what stage of the IPO process are we in? And what are the next steps required in the timeline? Are there any pending requirements or details from our end that we have to send to receive the NOC from SEBI? And also just a quick data point if you could share on what has been a decline in the option volume in this month.

**Ian de Souza:** So the first question, I think we had spoken about this in our previous calls also. Essentially, as you are probably aware, NSE has written to SEBI in terms of compliances on earlier letters that we have received on the subject of NOC for IPO. And we have, in our opinion, cleared all the observations that SEBI had and questions have been given answers to. And we are waiting for a final observation on our application for the NOC.

In terms of current quarter volumes, that is from 1st July onwards, that is UPSI, unpublished price-sensitive information. Difficult to tell you that. But you can gather your own this thing because this is publicly available on our website. You can have a look.

**Moderator:** Ladies and gentlemen, this will be the last question for today, which is from the line of Apoorv Bandi from Whitestone Financial Advisors Private Limited. Please go ahead.

**Apoorv Bandi:** So, I have one question on, like, if you can throw some light on our new product, electricity futures, right? What is the growth potential? And how much can it contribute to our revenues? Not right now, maybe in next one, two years, once it gets stabilised.

**Ashishkumar Chauhan:** Broadly, electricity futures are in their infancy. They are part of the government's process to liberalize the entire electricity market. So, this is in that context. And usually, at this stage of the market, we don't look at the volume growth and other things. More importantly, how do we become useful to society in achieving their objectives? So, we do not consider.

At the same time, you never know what kind of volumes come up. Because most of the market's related work is basically like options. There are optionality to outcomes, that if you become successful, it can be very, very large. But again, it has to be within the objective that government wants to serve. And within that context only, this should be seen.

**Moderator:** Thank you. Ladies and gentlemen, as that was the last question for today, I would now like to hand the conference over to Shri Ian de Souza for closing comments. Thank you, and over to you, sir.

**Ian de Souza:** Thank you, Michelle, for conducting our conference. And thank you to all the participants for your questions. Look forward to seeing you in the next quarter. If you have any comments or any questions, you may reach out to the IR team. And we will respond to you on a one-to-one basis. Thank you so much.

**Moderator:** Thank you, members of the management. On behalf of National Stock Exchange of India Limited, that concludes this conference. We thank you for joining us and you may now disconnect your lines. Thank you.