

NSE**29th Annual General Meeting**

- **Mr. Girish Chandra Chaturvedi – Chairman & Public Interest Director, NSE:**
- Good morning ladies and gentlemen. It is 11 a.m. The requisite quorum being present I declare the meeting open. On behalf of the board of directors, I Girish Chandra Chaturvedi, Chairman of the Board of NSE, welcome you all to the 29th Annual General Meeting (AGM) of National Stock Exchange of India Limited. I hope you and your families are safe and in good health. Let us spare a moment to pay our homage to those employees, who laid down their lives due to COVID. Our heart also goes out to such stakeholders and their families who may have suffered bereavement.
- I am participating in this AGM from the New Delhi office of NSE. My colleagues are attending this meeting through video conferencing or other audio visual means. My colleague Ms. Mona Bhide has conveyed her inability to join the meeting due to some personal commitment. Before we start the main proceedings of the meeting, let me introduce myself. I have been on the board of NSE since November 2019. Besides being the Chairman of the board, I also chair the Regulatory Oversight Committee, Stakeholders' Relationship Committee, the PID Committee, the Independent Directors' Committee, and Trading Member Advisory Committee. I wish to mention that in view of the ongoing Covid 19 pandemic and the requirement to maintain social distancing, the AGM is being held through video conferencing or other audio-visual means in accordance with the circulars issued by the Ministry of Corporate Affairs (MCA), and the Securities and Exchange Board of India (SEBI). The Company has taken all the feasible efforts under the current circumstances to enable the members to participate through video conferencing or other audio-visual means and vote on items of business to be transacted at the AGM. I request my colleagues joining the meeting through video-conferencing, or other audio-visual means, to introduce themselves.
- I will start with Ms. Anuradha Rao. Ms. Anuradha Rao.
- **Ms. Anuradha Rao – Public Interest Director, NSE :**
- Good morning. I am Anuradha Rao attending this AGM from Chennai. I have been a PID on the Board since November 2019. I am the Chairperson of the Nomination and Remuneration Committee and also of the Investor Protection Fund Trust. Thank you.
- **Mr. Girish Chandra Chaturvedi – Chairman & Public Interest Director, NSE:**
- Thank you Ms. Rao. Now I would request Mr. K. Narasimha Murthy to introduce himself. Mr. Narasimha Murthy.
- **Mr. K Narasimha Murthy – Public Interest Director, NSE:**
- I am Narasimha Murthy PID joining from Hyderabad. I am on the board since February 2020. I am also Chairman of the Audit Committee. Thank you.

- **Mr. Girish Chandra Chaturvedi – Chairman & Public Interest Director, NSE:**
- Thank you Mr. Murthy. I request Professor S Sudarshan to introduce himself.
- **Prof. S. Sudarshan – Public Interest Director, NSE:**
- Good morning. I am Prof. S Sudarshan attending the AGM from my office in Mumbai. I am a Public Interest Director on the board since February 2020. I am also the Chairman of the Standing Committee on Technology. Thank you.
- **Mr. Girish Chandra Chaturvedi – Chairman & Public Interest Director, NSE:**
- Thank you Professor Sudarshan. Mr. Prakash Parthasarathy.
- **Mr. Prakash Parthasarathy – Shareholder Director, NSE:**
- Good morning. I am Prakash Parthasarathy attending the AGM from the US. I am a Shareholder Director since May 2012. I am also the Chairman of the Corporate Social Responsibility Committee and the Group Investment Committee of the Company. Thank you.
- **Mr. Girish Chandra Chaturvedi – Chairman & Public Interest Director, NSE:**
- Thanks Prakash. Ms. Sunita Sharma.
- **Ms. Sunita Sharma – Shareholder Director, NSE:**
- I am Sunita Sharma attending this AGM from my residence in Delhi/NCR. I am a shareholder Director since October 2016. I am also the Chairperson of the Delisting Committee. Thank you.
- **Mr. Girish Chandra Chaturvedi – Chairman & Public Interest Director, NSE:**
- Thanks Ms. Sharma. I request Mr. Limaye to introduce himself and also the other colleagues who are present with him. Mr. Vikram Limaye.
- **Mr. Vikram Limaye – Managing Director & CEO, NSE:**
- Good morning everyone. I am Vikram Limaye. I am the Managing Director and CEO of NSE, joining this meeting from NSE's office in BKC. I welcome you all to the 29th AGM of the company. I will now introduce some of the senior management colleagues who are attending this meeting from our office in Mumbai. To my immediate left is Mr. Yatrik Vin, who is the Group CFO and Head Corporate Affairs. Next to him Mr. Rohit Gupte, Company Secretary. Next to him Ms. Priya Subbaraman, Chief Regulatory Officer. Opposite me is Mr. Vasudev Rao who is the Group General Counsel. To his right is Mr. Vikram Kothari who is the Managing Director of NSE Clearing. Next to him is Mr. Shenoy who is the Chief Technology Officer. And we have Mr. Ravi Varanasi who is the Chief Business Development Officer attending the meeting from Gandhinagar on VC. Thank you very much.

- **Mr. Girish Chandra Chaturvedi – Chairman & Public Interest Director, NSE:**
- Thank you Vikram. Mr. Sumit Seth, the Partner and authorized representative of M/s. Price Waterhouse and Company, Chartered Accountants LLP, the statutory auditor of the company has joined this AGM from Mumbai. Erstwhile secretarial auditor Mr. Kalidas Ramaswamy, the Partner of M/s BNP & Associates, Company Secretaries, and Mr. Makarand Joshi, Partner of M/s MMJC & Associates, current secretarial auditor of the company, have joined this AGM from their respective locations.
- Integrated annual report for the financial year 2020-21 and the notice convening the AGM was sent to shareholders on their registered email ids in electronic form. This is also uploaded on the website. Shareholders may note that the AGM is being held through video conferencing or other audio-visual means, therefore facility for appointment of proxies by the members is not applicable. Accordingly, the company did not provide proxy forms to its members and has not maintained proxy register. Similarly, the route map was not required to be shared along with the notice. The statutory registers, other relevant documents of the company are made available electronically for inspection by the members during this meeting. Coming to the business of the meeting, with your permission I shall now take the notice convening the meeting as read. In line with the provisions of the Companies Act, 2013 only the qualifications, observations, comments or matters of the Auditors on financial transactions which have any adverse effects on the functioning of the company are matters required to be specifically read out in the meeting of the shareholders. The statutory auditor's report on the financial statements for the financial year ended March 31st 2021, does not contain any qualifications, observations, or adverse remarks. Accordingly, the said report is not required to be read at this meeting. Also, the secretarial audit report for the financial year ended March 31st 2021 does not contain any qualifications, observations or adverse remarks. Accordingly, the same is not required to be read at this meeting. I would like to inform you that in compliance with the Companies Act, 2013 and relevant rules and SEBI listing regulations, the company had provided opportunity to all its members to exercise their voting rights through electronic voting between Saturday, August 21, 2021, 9 am and Tuesday, August 24, 2021, 5 pm. Shareholders who have not cast their vote earlier, and are participating in this meeting, can cast their votes now, through the e-voting module made available by NSDL.
- I will now read out the business items for the meeting. Ordinary business:
 - Item number one: To receive consider and adopt the Audited Financial Statements (including the Consolidated Financial Statements) of the company for the financial year ended March 31, 2021, together with the Reports of the Board of Directors and the Auditors thereon.
 - Item number two: To declare final dividend on equity shares for the financial year ended March 31, 2021.
 - Item number three: Retirement of Mr. Prakash Parthasarathy, as Shareholder Director, who retires by rotation, at this AGM.

- Item number 4: Re-appointment of statutory auditors of the Company for second term of five years, to hold office from the conclusion of this AGM till the conclusion of 34th AGM to be held in the year 2026.
- Special business
- Item number 5: To consider and approve the appointment of Mr. Abhijit Sen as Director under Shareholder Director category subject to the approval of SEBI.
- Item number 6: To consider and approve appointment of Mr. Sanjay Bhandarkar as Director under Shareholder Director category subject to the approval of SEBI.
- Item number 7: To consider and approve the appointment of Mr. Veneet Nayar as Director under the Shareholder Director category subject to the approval of SEBI.
- All the above resolutions proposed are ordinary resolutions to be passed by simple majority. The board has appointed Mr. Makarand M Joshi, Partner of M/s Makarand M Joshi & Company, Practicing Company Secretaries as a scrutinizer for conducting the e-voting process in a fair and transparent manner, and to scrutinize the votes cast and to submit the consolidated reports of voting in compliance with the provisions of the Companies Act, 2013 and the SEBI LODR Regulations, 2015.
- I now request Mr. Yatrik Vin, Group CFO, and Head Corporate Affairs, to brief the members about the financial year 2021 and quarterly June 2021 results. Mr. Yatrik Vin.
- **Mr. Yatrik Vin – Group CFO & Head Corporate Affairs, NSE:**
- Thank you sir and good morning to everyone. I take this opportunity to share some of the financial highlights of FY21 and I will also take the opportunity to share some of the June 21 numbers with the members. Before we go on to the financials, the broad highlights about how the markets were in FY21, relative to FY20. On the extreme left box as we see, the overall market growth in both cash equity segment as well as the derivative segment. The cash equity segment year on year grew by about 70% and equity futures and options grew respectively by about 25% and 90%. FY21 therefore, saw a significant activity in the areas of equity options. Currency futures - while largely the market was flat in terms of size, currency option had a very modest growth of about 9%.
- Before we go on to the overall volume growth of NSE in FY21, extreme right box indicates to us what has been the market share on trading front for cash equities as well as derivatives. Our exchange continued to have 94% market share in FY 21 and as can be observed, in fact it has gone up by about 1% over FY20. The way we look at the market share is that it is generally a range found somewhere in between 92% and - 94%. Potentially that is the right way to understand these market share numbers. In terms of equity derivatives, our exchange continued to be the exchange of the country with 100% market share. And in currency futures and currency options, there was a significant catch up in terms of the market share from 64% of FY20 to 74% in FY21 and in currency option it was at 68% almost a catch up of about 12%. I also wanted to share the market share members in terms of clearing and

settlement. The market share while on the trading front for cash equity segment was at 94%, in terms of Clearing and settlement, especially post interoperability, it was close to 95% - 96% and for derivatives we continued to clear the entire market on our clearing and settlement platform. So, in case of derivatives both the trading and clearing and settlement market shares continue to be at 100%.

- When we go on to the revenue and the expenses and the profitability, I am delighted to inform that in FY21 the overall revenue of NSE standalone grew by about 70% year on year. Also, 92% of this overall revenue was operating revenue which came from the mainstay business of NSE. On expenditure front the expenditure went up by about 16% to Rs. 1,368 crores and the ratio of expenses to income was at 26%. I have some additional details in the subsequent slides which I will share with the members. And in terms of profitability, therefore, the operating margin stood at close to about 72% and the PAT margin stood at about 56%.
- One data point I wanted to draw the attention of the members is that in FY21 we had one exceptional item of contribution to IPFT to the tune of Rs. 1,822 crores. So, if you normalize these numbers especially for expenses, the numbers look different in terms of the reporting but the real way to measure the overall financial profitability and the success is the numbers excluding this onetime item of contribution to IPFT. With that, for NSE standalone for FY21 the EPS stood at Rs. 59.56 for face value is Rs. 1. and net worth of NSE standalone, as reported, stood at Rs. 8,169 crores. The book value per share was Rs. 165. On the left hand side there is a small chart which indicates how the operating revenue trend has been vis-à-vis the overall revenues and we can see that in the last 4 to 5 years; there is a significant catch up in terms of the operating revenue vis-à-vis the total revenue from 78% - 80% to close to about 92% in FY21.
- These are some of the broad contributors to our revenues especially the operating revenue. As I mentioned around 92% of total income is operating revenue. There are 4 major constituents. Firstly, it is the transaction charges which was in FY21 at Rs. 4,236 crores. Next is treasury which was at about Rs. 471 crores and then we have colocation charges both racks and connectivity charges that we offer to the members to get colocated on our exchange premises which was at Rs. 274 crores. Also, the listing income, which included annuity based income as well as book building and processing, stood at Rs. 145 crores. Last year obviously because of COVID there were not very many listings that came to the market and therefore also did not come on the NSE platform. On expenditure front, as I was mentioning, while the expenses have year on year gone up by about Rs. 193 crores, we have some broad details surrounding which are the areas in which the expenses have gone up. Obviously, since we run one of the largest technology enabled platform for the market and the kind of market share and the volumes that we actually cater to and the kind of resiliency and robustness that we need to have for our technology enabled platform, technology is one area we continue to keep investing in, and therefore in FY21 about Rs. 125 crores of the overall expenses increased on account of technology. The clearing and settlement charge which went up by about Rs. 106 crores is largely on account of revenue sharing with our 100% subsidiary National Clearing Limited. Because of the higher volumes and higher transaction charges, the

sharing with the subsidiary also, to that extent, was higher. The point that maybe noted is that at consol level since it is a group company transaction, it gets eliminated at both the sides. SEBI regulatory fee also, which is linked with the overall volumes that we have in the cash and the derivatives market, because of higher volumes went up by about Rs. 37 crores. There was a partly offsetting reversal item of about Rs. 62 crores in terms of core SGF contribution of earlier year which got reversed in the current year. We also have certain data points about how the overall ratio of expenses to total income has behaved. On the left hand side we see the numbers as they are reported while on the right hand side they are the normalized numbers.

- With that if we look at NSE standalone, some of the key financial ratios, for FY21; operating margin stood at 72%. EBITDA stood at about 77% and PAT was at 56%. For Face value Re. 1, the annualized EPS worked out to Rs. 59.56.
- We also have the consolidated financials and I am sure all of you have had the chance to look at the consol numbers in the balance sheet as well. We have 14 subsidiaries and 8 associates which we consolidated in FY21, and when we look at the overall consol performance, the overall revenue stood at close to about Rs. 6,202 crores which year on year increase by 59%. Even at consol level the operating income to total income ratio continued to be beyond 90%. In fact, it was at 91%. The operating income grew across all the group companies, subsidiaries and associates by 60% year on year. We have the numbers with respect to the profitability with and without the exceptional items as I mentioned. While at NSE standalone we had one exceptional item of expenditure which was contribution to IPFT of about Rs. 1,822 crores, in NSE Investments, which is our 100% subsidiary, the investment arm of the group holdings had a CAMS gain of about Rs. 1735 crores. So broadly speaking, if we look, while on the one hand we had a gain of Rs. 1700 crores or so, on the other hand we had a contribution of IPFT about Rs. 1,800 crores. So, it was in one way a sort of a mathematical set off. If we look at the numbers in terms of our group level EBITDA and the profitability: we find that the group EBITDA stood at about Rs. 4,778 crores and PAT stood at Rs. 3,403 crores. Also, EPS for face value Re. 1 was Rs. 68.75. The overall group net worth was Rs. 11,636 crores and that gives us a book value of Rs. 235 per share of Re. 1 earlier year FY 20 it was Rs. 174.
- We also have put across some of the financial ratios very similar to what we saw in NSE standalone even at consol level. The overall operating margins stood at 69%, EBITDA margin stood at 77% and PAT margin stood at 55%. And consol EPS was Rs. 68.75.
- This is some data surrounding the dividend. Members may recall that FY21 the overall dividend declared is Rs. 24.75 per share of face value Re.1 and the total dividend distribution will be Rs. 1,225 crores. There are some of the payout ratios also that we have captured. So for FY 21, at standalone level our payout ratio is at 69% and at group level we continue to distribute about 60% of the payout dividend payout which was the policy then as adopted by the board.

- I take also this opportunity to very quickly run through the June quarter numbers which looked quite similar to what we saw of FY21 March numbers. In terms of first 3 months of the current financial year the cash equities market in 3 months has grown by about 38% vis-à-vis the previous period of June 2020. Equity futures period on period grew by about 24% and options grew by about 121%. So, if we look at last 1.5 years or so, the trend is that options volume is growing significantly vis-à-vis the other asset classes which get traded on our platform. We continue to have overall volume growth, very similar to how the market growth has been; both in terms of cash equity and equity derivatives. In terms of first 3 months of revenue; NSE standalone revenue went up by 56% at Rs. 1,673 crores. Large part of this overall increase has been because the overall activity and participation in the market which has gone up. While the volumes were high and since we continue to maintain our market share in the range, we continue to have reasonably good overall top line. Operating revenue in fact in first 3 months, is better than last full year. We saw a number of close to about 91% - 92%. In first 3 months our operating revenue is about 94% of the total income. On expenditure front we have about Rs. 417 crores of overall expenditure. And there is an operating margin of 74% and PAT margin of 56%. The non-annualized EPS for first quarter is Rs. 18.93 face value of Re. 1 and book value is Rs. 184.
- Again, these are some of the further details. I already explained to you the nature of these incomes. But largely it is in line with how overall each of line items contribute to the overall top line of the company. On expenditure front again as I said, while the overall increase is Rs. 124 crores in expenditure front, as I said, some of these are variable in nature. When I say variable, it means it largely moves in tandem with the volumes and the transaction charges for example clearing and settlement charge which we shared with our subsidiary. It has a close linkage with the volumes and the transaction charges. Similar is the case with the SEBI regulatory fee that we pay as an exchange. It also has a 100% correlation with the volumes. Also, there are some of the technology related expenses which have gone up to improve IT security posture and have resiliency and robustness to the platform including the depreciation and amortization impact of some of the capex that we would have incurred in last 2 years. Overall, the ratio of expenses to income, has fallen from what it was at 34% or 26 % in the earlier years, or even 27% in June '20, to further down to 25%. So, as it can be seen, there is some sort of a platform business related, operating leverage which is actually kicking into it. Obviously, first three months need not be the correct representation of how next 9 months will go. Because expenses will catch up since we have certain budgets and plans. We need to appropriately fund some of the areas within the business. And the activities of first 3 months need not remain the same in coming 9 months. For June '21 our operating margin was at 74%, EBITDA was at 78%, which went up from 76% previous period and 77% of FY21 went up to 78%. Similar trend is seen in so far as the PBT and PAT is concerned.
- Here are the consol level numbers. The consolidated overall revenue went up by 53% (period on period) to Rs. 1,921 crores in first 3 months. Operating income is at 93% which stood at Rs. 1,788 crores. in terms of the profitability numbers like EBITDA margin at group level it was 84% and PAT margin was at 61%. Thank you.

- **Mr. Girish Chandra Chaturvedi – Chairman & Public Interest Director, NSE:**
- Thank you Yatrik, I would now like to invite shareholders who have registered themselves to speak or ask questions with due respect to other speakers and time, I request each speaker to be brief and restrict their suggestions, comments, to 3 minutes on matters as set forth in the notice, annual accounts and operations of your company for 2021. Meanwhile those shareholders who have not registered themselves as speakers but have any questions may kindly raise those through the question box to avoid repetition. The answers to all the questions will be provided at the end of the question and answer session. So now I will start with the speakers. Welcome to Mr. Pankaj Kajaria. Your mic has been unmuted. Request you to switch on your camera before speaking. Mr. Pankaj Kajaria.
- **Mr. Rohit Gupte - Company Secretary, NSE**
- I think he is facing some connectivity problem, so lets move on.
- **Mr. Girish Chandra Chaturvedi – Chairman & Public Interest Director, NSE**
- We are not getting the connectivity to Mr. Pankaj Kajaria. We will take him up at the end if the connection is restored. We move on to the next, Ms. Pooja Kajaria. But if the connection is the same for her also – just try it out. Then we can move on to the next. Just try it out. If is it visible?
- **Mr. Rohit Gupte - Company Secretary, NSE**
- Sir I think we need to move to the next one. They are facing some connectivity issues.
- **Mr. Girish Chandra Chaturvedi – Chairman & Public Interest Director, NSE:**
- Same connection was to both of them. So we move to the next speaker, Mr. Vineet Sharma.
- **Mr. Vineet Sharma – Shareholder:**
- Good morning ladies and gentlemen and thank you for the opportunity. Can you hear me okay?
- **Mr. Girish Chandra Chaturvedi – Chairman & Public Interest Director, NSE:**
- Yes, yes you are quite clear.
- **Mr. Vineet Sharma – Shareholder:**
- Okay. Can I make two brief observations please before proceeding to ask my question? First, I am disconcerted by some cynical and negative commentary off late related to our renewed efforts to go public. I believe we must take initiative to change this narrative. Perhaps it is time to remind our shareholders / stakeholders that some of our larger shareholders today are our esteemed PSUs. They helped seed the business in the early 90s. So it is distressing to see them not getting an

equitable selling price upon any stake sell they may contemplate. An IPO will help them discover the share price and a listing therefore will perhaps most help these institutions and their biggest shareholder which is the government of India.

- Second, I urge the board to reinstate a generous interim dividend payout for FY22. Continued earnings growth this fiscal, a favorable SAT order, seem to be reasons enough. However, by distributing some of our cash reserves we will further polish our return ratios ahead of a potential listing, and also be able to demonstrate to potential investors the low capex and high free cash flow generative business model of our company.
- Now for my brief question. I noted a 54% increase in other expenses and a 27% increase in employee costs for the first quarter. Kindly help us understand the split between fixed and variable operating costs better to get an understanding for this surge in cost increase. How should we see these costs move for the rest of this fiscal? I conclude by thanking management for their exceptional stewardship over the past several challenging quarters. Thank you for the opportunity.
- **Mr. Girish Chandra Chaturvedi – Chairman & Public Interest Director, NSE:**
- Okay Mr. Sharma, thank you very much. May I request Ms. Jayna Gandhi to speak? Mic has been unmuted. I request Ms. Jayna Gandhi to switch on the camera before speaking? Ms. Jayna Gandhi. If we are not able to have a connectivity to her also, we can pass over for the time being and take her up towards the end. Just waiting for 30 seconds more to see whether we can really get the connectivity on. Okay so we move on to the next speaker, Mr. Abhishek Iyer on behalf of TA Asia Pacific to speak. Please unmute his mic then he can switch on the camera before speaking. Mr. Abhishek Iyer.
- **Mr. Abhishek Iyer, TA Asia Pacific – Shareholder:**
- Hello. Thanks a lot for taking time for this question. First of all congrats on a great set of financials. I hope the momentum continues. I had three questions on the business. The first one is related to the transaction based revenues. There was a pricing increase earlier this calendar year. I just wanted to get your help in quantifying what has been the blended impact on revenues due to the increase in pricing across cash, futures and options. The second question is related to the non-transaction based revenues. We see there is a decline in revenues last year within technology services. Helpful to get some color on what is happening there. And the last is around the M&A strategy. NSE completed like multiple acquisitions last year though they were small in size. It will be helpful to get some additional commentary around the exchanges M&A strategy and which are the 3-4 key areas that you intend to expand in an inorganic manner. Thank you.
- **Mr. Girish Chandra Chaturvedi – Chairman & Public Interest Director, NSE:**
- Thank you Mr. Iyer. Thank you very much. May I request Mr. Shashikant Nayak on behalf of Stock Holding Corporation of India Limited to speak? Please unmute his mic and he can switch on his camera before speaking. So Mr. Shashikant Nayak.

- **Mr. Shhsikant Nayak – Stock Holding Corporation of India Limited:**
- Good morning to all the directors, Chairman, and MD. Stock Holding is one of the promoters and early investors in NSE and it has been indeed a very satisfying experience to witness the growth story of NSE unfold over the years. I congratulate the management on a stellar performance last year. My question is with respect to NSE's wholly owned subsidiary in GIFT City. It is NSE IFSC Limited. I would like to know if the management can share some insights on the products that NSE plans to introduce at IFSC. How will NSE facilitate resident Indians to invest at IFSC under the Liberalized Remittance scheme? What is the time frame within which NSE expects the trading volumes to increase in this exchange? Thank you very much.
- **Mr. Girish Chandra Chaturvedi – Chairman & Public Interest Director, NSE:**
- Thank you Mr. Nayak. The next speaker is Mr. Saptarishi Bapari on behalf of IDFC First Bank Limited. Please unmute his mic and then he will switch on his camera before speaking. Mr. Saptarishi Bapari.
- **Mr. Saptarishi Bapari – IDFC First Bank Limited:**
- Thank you sir. Thank you for the opportunity. I hope you can hear me. Good morning everyone. I will come straight to the point. You know we would like to have a clear understanding on the plan for going public. What are the road blocks you are having because this has been a topic of discussion for many years till now? So, I would like to know what the plan is going forward. We know that in the stock market the prices have soared quite a lot. We would like to know what kind of Price band you are looking for in your IPO and what is the time line. My second question is regarding the acquisition or the margin of opportunities. Somebody else has also pointed that out. Because we have heard some discussion in the market regarding NCDEX acquisition also. So we would like to know what are the acquisition plans you have going forward and how do you know what are the different areas you want to get into. So, these are the two broad questions I have. Thank you sir.
- **Mr. Girish Chandra Chaturvedi – Chairman & Public Interest Director, NSE:**
- Thank you Mr. Bapari. May I now request Mr. Rusmik Oza on behalf of Kotak Securities Limited to speak? Your mic has been unmuted. We request you to switch on your camera before speaking. Mr. Rusmik Oza.
- **Mr. Rusmik Oza – Kotak Securities Limited:**
- Good morning Chairman Sir and honorable members of the board and also congratulations to the management and the entire team of NSE for reporting good set of numbers consistently. I had certain futuristic questions. One is in the annual report you mentioned priority of the company is to generate 50% revenue from non-transaction (voice muted).
- **Mr. Girish Chandra Chaturvedi – Chairman & Public Interest Director, NSE:**
- Mr. Oza. Maybe you have to come little closer to the mic. Your voice is breaking.

- **Mr. Rusmik Oza – Kotak Securities Limited:**
- Is this audible sir?
- **Mr. Girish Chandra Chaturvedi – Chairman & Public Interest Director, NSE:**
- Yeah now it is audible. Yes please.
- **Mr. Rusmik Oza – Kotak Securities Limited:**
- Sorry. Apologies. Sir I had little futuristic questions. One was in the annual report the company has mentioned that it wants to generate 50% revenues from non-transaction sources and within transactions the revenue, one-third should come from non-equity or non-equity derivatives. My two questions related to this is, one what could be the time frame by which we feel that 50% revenues could come from non-transaction revenues and beyond equities, what could be the two largest contributors in terms of revenue in this segment of non-transaction revenue in future? Second is, out of the one third revenue which is coming or likely to come from non-transaction, what could be the two very large contributors over there? That is my question related to that. Second question is that can you give us little clarity that beyond our main company IPO listing, is there any thought process to unlock value by listing some of the other subsidiaries and which could those be. And my last question sir is recently SEBI has proposed some strict penalties on stock exchanges and key officials for any technical glitches that could cause losses to investors and traders. So, I just wanted to understand what kind of de-risking measures the company is taking to fend itself from such situations in future. And if there is a repeat of a situation like 24th February, what could be the losses or claims that can come on us. That is it from my side. Thank you for accommodating me and allowing me to ask questions.
- **Mr. Girish Chandra Chaturvedi – Chairman & Public Interest Director, NSE:**
- Thank you Mr. Oza. May I now request Mr. Sourav Dhanani to speak? Your mic has been unmuted. Kindly switch on your camera before speaking. Mr. Sourav Dhanani.
- **Mr. Sourav Dhanani - Shareholder:**
- Good morning everybody. I hope I am audible.
- **Mr. Girish Chandra Chaturvedi – Chairman & Public Interest Director, NSE:**
- Yes, yes, yes. Very clear. Please go ahead.
- **Mr. Sourav Dhanani – Shareholder**
- I hope everyone is doing fine over there. And I have got three questions. So, one is as we are aware SEBI is facilitating and encouraging new entrants to setup stock exchanges in India. So, what is your take on this and how well are we prepared to safeguard our business and market share? Will this put pressure on our margins? My second question is like we all know there is another dominant trend shaping in the exchanges in the emergence of new technology such as distributor laser technology,

artificial intelligence, machine learning, etc. Blockchain has the potential to disrupt any institution that is engaged in centralized aggregation of trading orders like our stock exchanges. New developments are taking place in this arena. London Exchange Group, NASDAQ are deploying Blockchain technologies to overhaul their trading process and supervisory mechanism which helps in enhancing security and reducing - settlement period. Several new fintechs have emerged in the trading space around the world who are increasingly deploying these technologies, disruptive technologies, and challenging the traditional functioning of market infrastructure institution. So, wanted to understand our position in this scenario. Third is, what steps are we taking to prevent broker defaults which are happening on a regular basis in spite of stringent margin requirements. Thank you very much.

- **Mr. Girish Chandra Chaturvedi – Chairman & Public Interest Director, NSE:**
- Thank you Mr. Dhanani. Now it is the turn of Mr. Pritesh Vora on behalf of Mission Street Pte Ltd to speak. Please unmute his mic and if he could switch on his camera before speaking. Mr. Pritesh Vora.
- **Mr. Pritesh Vora – Mission Street Pte. Limited:**
- Yes can you hear me? Sir can you hear me? Can you hear me sir?
- **Management:**
- Your voice is very low.
- **Mr. Pritesh Vora – Mission Street Pte. Limited:**
- Yeah can you hear me now?
- **Mr. Girish Chandra Chaturvedi – Chairman & Public Interest Director, NSE:**
- Yeah now it is audible. Please, please move ahead. Yes.
- **Mr. Pritesh Vora – Mission Street Pte. Limited:**
- Okay. Sir first of all congratulations on very good set of results over the last year, and I am sure we continue from here on. My following questions are, first question is about peak margin related SEBI circular. So, any exchange lifeline is about the liquidity. Peak margin will start hurting volume from September onwards as we are moving towards 100% peak margin requirement. So, we have seen future volume have come off over the last 2 to 3 months. What is the action regulatory liaisoning or otherwise we are initiating so that we can tide over this upcoming crisis and the peak margin related liquidity crisis. My second question is NSE has initiative on the IFSC on trading of the foreign stocks. Our interaction with the trading ecosystem suggests that the trading in the foreign stocks have currency exchange friction cost issue. Large amount of currency exchange friction cost is required in order to transact. Hence investing is okay but the trading will be very much difficult. What steps will be initiated to mitigate this issue and what do you think the size of this market can become in 3 to 5 years' time? My third question is about gold spot exchange. What is the market opportunity in this initiative and how similar or different this exchange

will be with respect to MCX Gold Trading Exchange? And my fourth question is the investor protection fund. Can we not take insurance to mitigate the risk, this risk because it is popping up last 2-3 years. What steps we have initiated to overcome the fraud issues at brokers' end and what is our estimate for potential liability on this account in FY22? Thank you very much. These are my four questions.

- **Mr. Girish Chandra Chaturvedi – Chairman & Public Interest Director, NSE:**
- Thank you, thank you Mr. Vora. Rohit we had missed out our three initial speakers in the beginning. Just try to connect with them in the next 10 seconds.
- **Mr. Rohit Gupte – Company Secretary, NSE:**
- I think we are able to connect with them.
- **Mr. Girish Chandra Chaturvedi – Chairman & Public Interest Director, NSE:**
- Okay so we can revert back to Mr. Pankaj Kajaria if we are able to establish contact with him. Mr. Pankaj Kajaria. If we are not able to get in touch with him again, we can move on to the next Ms. Jayna Gandhi.
- **Mr. K Narasimha Murthy – Public Interest Director, NSE:**
- Mr. Pankaj is there. I think Mr. Pankaj Kajaria has joined.
- **Mr. Girish Chandra Chaturvedi – Chairman & Public Interest Director, NSE:**
- Okay, then Mr. Pankaj Kajaria, you are not audible.
- **Mr. K Narasimha Murthy – Public Interest Director, NSE:**
- Sir I think Ms. Jayna Ghandhi is there sir.
- **Mr. Rohit Gupte – Company Secretary, NSE:**
- Yeah we are able to see Jaina Gandhi also who has joined.
- **Mr. Girish Chandra Chaturvedi – Chairman & Public Interest Director, NSE:**
- Okay. Fair enough, fair enough. She was also left in the first round. So Ms. Jayna Gandhi. On behalf of TA Asia Pacific, - no sorry Jaina Gandhi is an individual shareholder. So Jaina Gandhi yes she may come on the mic. It has been unmuted. If the Video is also functioning. She can switch on the video. Can go over to Ms. Jayna Gandhi.
- **Mr. Rohit Gupte – Company Secretary, NSE:**
- Sir while she has joined I think we are not able to hear her. I don't know, maybe a connectivity issue at her end.

- **Mr. Girish Chandra Chaturvedi – Chairman & Public Interest Director, NSE:**
- So okay then, we have connectivity issues with three speakers who had registered with us. Mr. Pankaj Kajaria, Mr. Pooja Kajaria, and Jayna Ghandhi.
- **Mr. Rohit Gupte – Company Secretary, NSE:**
- Sir with your permission we could request them to put it on the chat box. Whatever they have to say, their questions, we will be able to get them.
- **Mr. Girish Chandra Chaturvedi – Chairman & Public Interest Director, NSE:**
- They can put it in question box and we would reply to them. So since all the speakers have given their queries and questions, so I now request Mr. Vikram Limaye, Managing Director and CEO, to respond to the queries raised by the shareholders. Mr. Vikram Limaye.
- **Mr. Vikram Limaye – Managing Director & CEO, NSE:**
- Thank you Chairman and thank you to all the shareholders for all your questions and your participation. I will try and group some of the questions together and answer them in different categories. So first there were a few questions surrounding the IPO timing, process, etc. So as we have said before, we continue to work with SEBI in trying to get the approval for the IPO. At this point in time we don't have any definitive time line or any approval that has come through from SEBI that we can communicate to shareholders. We are working on multiple fronts to try and get this approval as quickly as possible. And once we have some clarity on that front, we will certainly keep shareholders informed. Shareholders have on their own also approached SEBI and others to try and assess when the approval is likely to come through. So you know multiple people are working on it to try and get clarity on the time line. And we will obviously keep you posted. My hope is that in the next couple of months we should be able to get some clarity on what the expected time line is to get the clearance. So once we get that we will keep you posted. I don't have any more clarity on this matter nor am I able to share anymore details of the conversations that are ongoing between us and SEBI. Second, the second point related to dividend, and dividend policy. As we have discussed before as well, we have stated this a few times earlier as well that the objective of the company is to obviously make sure that from a business perspective, from a risk perspective, from a regulatory perspective, and from a prudence perspective, there are appropriate cash reserves that are available with the company in order to meet all the requirements that would be required to run this business as well as to make sure that we are adequately capitalised in order to take care of any kind of risks that emerge in the market. It is also our endeavour to try and pay dividends to shareholders that are consistent and growing and that is what we have tried to do over the years as is evident from the dividends that we have paid over the last few years. And lastly, once we have taken care of all the requirements of the business and the prudential norms in terms of being appropriately capitalised from a risk and regulatory perspective, there being surplus cash that is available with the company, the board will certainly look at paying special dividends from reserves , beyond the dividends that we pay from the annual profits of the company. So we certainly agree

that the objective is not to keep cash in excess of what might be required for the business and what is required from a prudence perspective. And as you are aware till May of this year there wasn't really any excess cash available with the company. As you all are aware there was almost Rs. 6,000 crores that was locked up in the special account that was created for all the colo revenues that were being transferred. And so while in theory there was a large cash balance that was available on the balance sheet, in reality that was no free cash that was available to the company even for its business, leave alone dividends which is why for FY21 we had to defer the dividend declaration till we actually got that amount released from the Securities Appellate Tribunal by making a special application. So going forward as I said, the board will evaluate what the requirements of the business are and what the prudential norms are and then decide on the dividend payout to shareholders. But it is certainly not our objective to hoard cash if it is not required. And we have said this before as well, that we would be open to looking at excess cash being paid out as dividend or share buyback or any other means in terms of which we could return the cash to shareholders. Obviously this will result in an increase in returns on equity as well. So we understand all of that. It is just that till very recently there wasn't really any surplus cash available and going forward the board will evaluate that aspect of it. The dividend policy obviously as you all are aware is on the website and it outlines everything that I have already said surrounding the dividend policy and what the board will take into account while deciding on the dividend that gets paid to shareholders.

- The third category of questions surrounded business related in terms of pricing, cost structure, the mix of transaction versus non-transaction revenue etc. So I will try and address some of those. The pricing increase that was done in January of 2021 was approximately 6% and that was across the CM and F&O segments. The impact for that quarter was about Rs. 50 crores and the annualised impact of that price increase is expected to be around Rs. 200 crores in terms of what that price increase would mean for increase in transaction revenues. In terms of the cost structure, I think the way to think about it is that you know this is a platform business and therefore there should be operating leverage that flows through the P&L as volumes and revenues increase. And that is what is evident in the numbers that were shown as well in terms of the cost to income ratio that has been you know coming down with significant increase in revenues. It is important however to understand that there are significant investments that we are making to provide a robust technology platform for the increase in volumes that we are seeing. So broadly if you look at our cost structure you would have approximately 24% of our expense would be in the category of variable expenses. There are purely variable linked to volumes and activity, about 45% would be fixed and another 31% would be semi-variable if you like. Which is up to a point in time they would be in the nature of fixed but depending on the level of activity they would step up and that includes not only activity levels as it relates to volumes but also all the other things that we are focused on in terms of growth of not only the existing businesses but also new areas that we are investing in. So that is how you should look at the cost structure.

- There was a question surrounding transaction revenues versus non-transaction revenues and whether we will have non-transaction revenues at 50% of revenues etc. So you know right now if you look at it, our transaction revenues are about 70% of total revenues. And non-transaction revenues are about 30% and that includes not only our non-exchange businesses which are all our subsidiary businesses which are not purely transaction trading fee related, but it also includes our treasury income. The good news is that all these areas are growing and the market has also been growing quite well in terms of volume, in terms of participation, etc. and therefore mathematically you have the transaction revenues which are already 70%, also growing at a very healthy pace. And I must add that the non-transaction revenues are also growing at a very healthy pace. So if you look at our data, index, technology businesses etc., all of them have doubled over the last 3, 4, 5 years. So those are also growing at a healthy pace. But mathematically it is very difficult for that 70% to come down to 50% when the market is growing at a healthy pace. So the point I am making is, that I don't expect this 70% to go to 50% in a hurry. It is likely to stay around that range because of the dynamics that I have just explained. That is not to say that we are not growing our non-exchange businesses, as I have said they have already doubled over the last four years. And there are several initiatives that we are taking to grow our other lines of business, not only data, index, technology, we are also getting into newer areas such as bullion exchange, gas exchange etc. So there will be other streams of revenue that come in but they will come in slowly over time whereas the transaction revenues are already very large and are growing. So mathematically that is not an easy ratio to achieve in the foreseeable future. We are also focused on inorganic opportunities, that was one of the other questions that was raised, and those inorganic opportunities will be in all the areas that we are involved in for sure which would include data, index, technology and education, and we have already closed two acquisitions in technology, one in data and one in education already over the last 3-4 years. There are a couple more in the pipeline in these areas and you know, we will selectively look at also opportunities that emerge in the exchange space. And I cannot comment on any specific opportunities or acquisitions that we are looking at unless we've reached a stage where we can make an announcement but as I said strategically we are also looking at the exchange space in new areas and new segments. For instance gas exchange is an opportunity where we have taken 26% strategic partnership stake along with IEX that has already been announced. The International Bullion Exchange is an initiative where 5 MIIs have got together in GIFT City to set up an International Bullion Exchange. Likewise if there are other opportunities that come up in the exchange space, those will certainly be actively considered in terms of growing other lines of business. The other way that we will diversify our revenues is when segments like the fixed income and currency markets start growing at a more rapid pace. And obviously we are focused on growing those segments. Over the last 3-4 years there is a lot that has been done to try and develop the bond markets. We are seeing traction on the RFQ platform that we launched last year. And now almost 65% of CP trading happens on the platform, almost 20% of the corporate bond trading happens on that platform. And this is all from close to zero a couple of years ago. So a lot of work has gone into this, not only from the exchange but also regulatory push from SEBI and others in order to get the OTC volumes in the bond market to be on the exchange platform. We are certainly encouraged by what we have seen in the last 12 months, and our

hope is that given the importance of the bond market to the economy and the fact that we are seeing traction and certain focus from the regulators to develop this market, we are certainly doing our bit to try and do whatever it takes to develop this market, that the bond market over the next few years will grow into a much larger segment, likewise the currency market. And so within the transaction revenue space as well, the idea is to try and grow other segments that have enough opportunity for growth and are still at relatively early stages of their size, relative to potential. So from a business perspective within the exchange space we are trying to grow every segment, even the equity segment has a long way to go if you ask me in terms of retail participation or institutional participation, which is why I said that market will continue to grow. We are growing other segments in the exchange space and then we are obviously focused on growing the non-exchange revenues as well, and newer lines of business as I said whether it is gas, whether it is bullion, etc. and like I said this will come through organic and inorganic opportunities depending on what comes up.

- The third set of questions surrounded GIFT City. So on that front a couple of things. One is as we have said before we are operationalizing the SGX connect and our hope is that Q1 of calendar 2022, our hope is that we will be able to operationalize the SGX-NSE GIFT City connect where the Nifty volumes that currently trade in SGX will start trading in GIFT City. So that will not only bring core volumes to that exchange, but more importantly will also broaden the participation in GIFT City in terms of the ecosystem of the various participants that currently trade in SGX who will also start trading in GIFT City. And that itself will feed on itself in terms of other products that could be developed because we have a much broader ecosystem that will participate in GIFT City. The second part of that relates to the recent announcement that we made surrounding the ability of investors to trade foreign stocks in GIFT City. This is a very unique product and it is something that after a lot of hard work with various people in the ecosystem and with the regulator we have been able to announce this product. We are certainly very optimistic about the potential, as we have said retail investors from India can invest in foreign stocks through the LRS Scheme that RBI has permitted for resident individuals to invest upto 250,000 dollars offshore. So we certainly believe that some of that can go into this product. We are working actively with depositories, market makers, banks, etc., to make this product cost efficient, whether it is from a currency perspective, whether it is from an overall cost perspective, etc. and in terms of the ease of being able to trade, so we are obviously going to try and make it as easy as possible for someone to be able to buy the US stocks that we will be offering in GIFT City. This is being done through an unsponsored depository receipt route, so without getting into the details of the technical aspects of the product, basically people will get the DRs in their Demat account, they will have to open a Demat account with the depository in GIFT City and they will basically be able to see what they have bought and sold through the Demat account in GIFT City. And investors will also be able to buy fractional shares because otherwise it could get unaffordable for the common retail investor to buy US stocks that are fairly highly priced particularly the technology stocks and other stocks that might be of interest. So we have got a framework that will make it easy for people to invest. We are certainly optimistic about the prospects for this, we will see how it evolves. It is very hard to tell at this stage what kind of volumes we would

expect from this product, but I think it is certainly an innovative product, and if you think about it today there is about \$400 million of investments that have gone into global capital markets from domestic investors. We certainly believe with the launch of this product, the assets that would get aggregated because of this product with the depositories, etc., could be 3-4 times that number. So depending on how quickly we gain traction we certainly believe that this would be an easy way for someone to take exposure to US stocks and we are obviously working with all the stakeholders to operationalize this as quickly as possible. Our hope is that we will be able to operationalize this in the next 4 to 6 weeks, and we will see where it goes.

- Other than that in GIFT City as I said the International Bullion Exchange is an important MII that has been set up. There are 5 MIIs that have come together to set up this exchange, it is ourselves, BSE, MCX, NSDL and CDSL which are the two depositories. 5 MIIs will own a holding company structure which will hold an exchange, clearing cooperation and the depository for the international bullion market. We will see how that evolves. We have just done a soft launch of the International Bullion Exchange, its early days but this exchange is expecting to be the channelizing agency for import-export of gold and if we are able to get the kind of dispensation we want from the government and we've certainly been given encouraging views on that, we certainly believe that this exchange could be a fairly meaningful participant in the international bullion market, particularly as it relates to the gold imports and exports that India is involved in. Again we are quite hopeful that this exchange will do well over time.
- That's the set of questions that related to GIFT City.
- There were a set of questions surrounding the domestic gold exchange. Now that is again early days, so we are in discussions with SEBI as well in terms of the structure and how that domestic spot exchange in gold could be operationalized and we will obviously see how things evolve. But as you know right now what is offered by MCX or what is even offered by NSE or anybody who offers anything in gold is really a derivatives product. What we are talking about here is spot exchange and so to that extent the idea is that the retail investors could invest in gold through digital means, etc. We could also get domestic refiners to be able to participate in this based on the standards that we have laid out for domestic refiners for their gold to be available on an exchange platform domestically, otherwise it is as you all know LBMA stamped and LBMA certified gold. We have broadened standards to facilitate domestic refiners to also be able to trade their gold on the exchange. So this domestic spot exchange for gold will facilitate some of that including retail participation but it is again early days. There isn't even a framework that has been announced in terms of regulations surrounding that, so we will see how that evolves. But there is obviously a large opportunity because gold is a large opportunity in and of itself in terms of the consumption and the amount of gold that is available domestically in terms of jewellery and assets that people hold in households. So that certainly is a large opportunity in theory, we will have to see how it evolves once the regulations are released by SEBI.

- Next thing that I would like to address relates to this question that was asked about new competition and SEBI having announced, or having put out a discussion paper surrounding new entrants into stock exchanges, and emerging technologies such as block chain, etc., and the impact of that on our business and what that would mean for our market share margins, etc. So I think as it relates to new entrants to set up stock exchanges, etc., that is actually still early days and that regulation is obviously not yet announced, it is only a discussion paper that was issued for which various people have given comments. There are still discussions that are ongoing on what would be the right framework if new entrants are to be permitted into the exchange space. Because as you know this is a complex entity, an MII is a complex entity, it is not just about business and volumes, we are also a frontline regulator, and core part of our responsibility is disciplined, market development, supervision of trading members and risk management, beyond providing a robust trading platform where people could trade. So when we think about new entrants it has to be thought through in that dimension in terms of what would be the right structure, who would be the right participants, etc. So while the discussion paper was put out and comments were received, there are still ongoing conversations within SEBI in terms of how that would get operationalized and what framework and what kind of participants. So we will see how that evolves. Having said that we are never complacent, we are doing everything from a variety of standpoints to make sure that we continue to retain our market share and grow the market and in that regard whether it is technology related, whether it is customer centricity, whether it is new products, whether it is how the external landscape actually interacts with the exchange and the ease of doing business with the exchange. On all these parameters we are very focused on making sure that we continuously improve and try and do what it takes to be the platform of choice and we certainly believe as we continue to focus on all these areas we will certainly be able to protect our market share and grow the market. It is important to grow the market as well, as I have said before because all these segments have a long way to go in achieving full potential. And we are certainly focused on doing that in addition to making sure that how the external environment works with the exchange, keeps evolving and keeps getting better and better in terms of the customer experience. As you'll be aware there is a huge increase in retail participation in the market, we are also making sure that from a regulatory and risk management perspective we are doing everything to make sure that investor interests are protected and broker defaults, etc., are appropriately managed. And on that front there was a question surrounding broker defaults as well. A couple of points that people need to understand is that many of these situations that are cropping up now have to do with concerted efforts that have been taken by the regulator and by the market infrastructure institutions over the last couple of years on a variety of fronts. One is just the evolution of regulation, so a lot of the things that were earlier permitted which caused certain kind of risks to retail investors are now not permitted. So one is just because of a change in regulation, some of the practices that were followed in the past are no longer permitted and that in and of itself will create a certain level of stress on certain brokers who were engaging in certain practices. The second is obviously there is a lot of information sharing that was not happening a few years ago, just because of structural reasons, regulatory reasons, etc. Now there is a lot more information that is available because of which we can take a more holistic view of the situation and of

a broker when we are regulating brokers. So whether it is information available from depositories, clearing corporations, banks and other people in the landscape we are pulling a lot of information from a variety of sources in order to make sure that we understand what's going on with a broker fairly early. And there is a lot of emphasis now on offsite supervision and offsite collection of data and information, rather than onsite inspection, which used to be the framework in the past. And therefore we are certainly hopeful that with all these changes we will get to a point where we will be able to prevent many of these issues from cropping up. But at a minimum there would be much earlier detection of problems, so that we can arrest the problem at an early stage and take corrective measures in order to make sure that investor protection is ensured and trust in markets is not jeopardized in any way because that is absolutely critical and as I said with the increase in retail participation in the market that is absolutely important and we are very focused on doing that.

- There are various things that have happened from a regulatory perspective that you'll would be aware of for instance on the securities front. Now there cannot be client securities that are lying around with the broker even for margin purposes. The pledge, re-pledge mechanism that was put in place basically has de-risked the misuse of client securities by brokers. Likewise there is a project underway where at the client level there will be collateral segregation that will get operationalized over the next few months and that would de-risk even the risks that might exist surrounding the client funds since the securities aspect has been de-risked quite significantly. In addition to that we are doing a lot in terms of trying to get information from banks, we are also doing a lot in terms of investor education and awareness and making sure that people are aware that they should not leave money lying around with brokers and they should get their accounts settled within 30 days. If it is not, if that money is not required, the money needs to be returned to the clients within 30 days. That was not the case earlier. There were running accounts, and money was lying around with brokers for a long period of time and that obviously made it susceptible to misuse. So there is a lot that is going on from a regulatory perspective in order to make sure that broker defaults certainly get caught early, if not prevented, and investor assets are protected. We are also working with the banks to get information directly from banks. We are also doing other things like having APIs because of which we can pull information directly from broker systems and therefore are not relying purely on what the broker reports because very often the reporting by the broker is also not accurate and correct, and therefore it is important for us to get that data first hand directly rather than relying on a reporting framework by brokers. So what I want to basically say is that a lot has happened over the last couple of years to strengthen the environment, many initiatives have been taken by NSE and other MIIs, many initiatives have been taken by SEBI, and we are all working collectively to strengthen the system, and to make sure that broker defaults and investor assets are adequately protected.
- There was a question surrounding IPFT and what we expect as future contributions to IPFT. Obviously our hope is that future contributions to IPFT will be minimal if everything that we are doing and we will continue to do to strengthen the environment should result in broker defaults going down significantly, and even if some of them were to happen they would be caught early enough that the size of

those defaults would be much smaller in terms of the impact on IPFT. So, I obviously do not have a number that I can share in terms of what our expectation is on IPFT disbursements for broker defaults. But as I said based on everything that we are doing and others are doing including SEBI, we certainly expect this to come down quite significantly over time.

- There was a question surrounding whether there is insurance available on IPFT related payments. There is no insurance available for that kind of risk at this point. So that isn't something that would be available to us.
- There was a question surrounding peak margin and what is going on, on that front in terms of our interaction with the regulator because as was mentioned volumes have come off in the last couple of months since the peak margin requirements have increased and from September 1, from 75% they will now become 100% and there is an expectation that volumes will drop. We are working with SEBI to try and see what framework can be put in place to try and balance the risk related aspects because of which this was put in place at the outset with the practicalities of getting a 100% margin upfront and the impact that it might have on the market. So there are conversations going on with the regulator to see if a framework could be evolved that could balance those two considerations. There is no visibility on whether there is a solution that will fall into place before 1st of September. The broker associations and industry associations, etc., have also been representing independently to SEBI on what could be done in order to try and balance these considerations so that the market volumes don't suffer and liquidity doesn't suffer. But at this point in time it is not clear whether a solution would be put in place before 1st of September or not.
- The other points surrounded, new technology and the impact of block chain and other technologies and how we are gearing up for that. So one broader point that I want to make on technology in general is that we are actually a technology company for all practical purposes because that is the crux of what we have to provide to the market which is a stable robust resilient technology platform in addition to as I said the equally important mandate of making sure there's disciplined, market development and regulation and monitoring of market activity and risk management. So technology is a core part of our business. We invest very heavily in technology. Over the last couple of years I would say relative to the previous period, our spending on technology has almost tripled. So we would end up spending between Capex and Opex somewhere in the range of Rs. 1,000 to Rs. 1,200 crores. About 60% - 65% of that is likely to be Capex and the balance Opex, and that is important and that is required because [a] as I said we need to provide a robust platform, [b] the volumes in the market have gone up exponentially. To give you some context two years ago we were processing about 2 billion orders a day just two years ago, today we are processing 6.5 billion. So it is more than a 3x increase in 2 years. And we have been able to provide a robust seamless platform for this kind of scale and we have to be capacitated for even a higher number because this is a growing market. And so investments in technology are exceedingly important. A lot of time, energy, attention, both human, financial, intellectual capital, goes into technology, a lot of time and attention is spent by our standing committee on technology surrounding what our technology architecture should be and what we should be doing from a technology perspective. So this is a very important area.

- There was a question that was asked I think in one of the chats surrounding the technical glitch that happened in February, and that unfortunately was something that was totally unexpected, without getting into the details, it was something that unfortunately was not in line with what we had designed and what was delivered. And so it was completely unexpected from a very credible top of the line vendor for what we were trying to do. And unfortunately that is something that despite our best efforts as an exchange we cannot be an expert in all areas. So we necessarily have to depend on expert systems and expert vendors and specialists in their respective areas, and we do everything we can within our control in terms of providing the right kind of design, the right kind of testing, etc, etc. and all of that was done. But this is the first trading halt that has happened in the last 4-5 years, it is an unfortunate event but it is not reflective of the robustness or fault tolerance of our technology by any means. There are a lot of steps that have been taken post that as well, including strengthening how we look at our contracts, what we do from an architecture perspective. Also the move to our disaster recovery site has been significantly tightened and now we are able to move in less than 45 minutes. SEBI used to prescribe a 4 hour RTO, it is now down to 45 minutes. And we have in the last 3-4 months been able to significantly change our technology architecture to be able to achieve that timeline. So there is a lot that keeps happening on an ongoing basis and suffice to say that every aspect of our technology value chain if you like right from connectivity to trading to clearing, risk management, post trade activities, after-market reporting, and the member interface and how the external environment interacts with the exchange, whether it is for regulatory reporting, whether it is other types of customer centric applications, etc. Each of these areas has gone through significant transformation over the last few years. Cyber security again an exceedingly important part of what we are focused on. Each of these areas has gone through significant transformation and each of these areas gets a lot of attention and investment. And so I think from a technology perspective, we continue to focus on that area very significantly including the point that was made on emerging technologies whether it is block chain, AI, etc. We are focused on those areas, we have also done pilots on block chain in a couple of areas including on the clearing front. And we are working with other MIIs and SEBI to see how we can operationalize some of those things. We are also focused on using artificial intelligence in other areas such as surveillance around the regulatory department. So we are focused on emerging technologies and where those could be used within the exchange ecosystem, as well as making sure that we are not blindsided by what's going on in the marketplace in terms of what type of technologies are emerging. We are obviously in touch with Fintechs and other people who are actively involved in the technology space to make sure that we are abreast of everything that is going on and we will certainly make sure that we build on all that as we think about how we need to evolve our own technology architecture in order to make sure that we stay ahead of the curve.
- Those were some of the questions or topics that I jotted down based on all the questions that were asked. I will just quickly scan through, just give me one minute to make sure that I haven't ignored any specific question.

- Sorry, there was one question surrounding the recent SEBI circular on what we would do with share transfers, etc., for transfers less than 2%. So on that front while SEBI came out with a press release and then later on came out with some guidelines on that, we are in discussions with SEBI to get further clarification to make sure that some of the ambiguities that exist surrounding the recent circular as well as earlier circulars are adequately clarified and till that point in time we will continue with our process where we have to determine fit and proper for every share transfer. Once we get that clarification from SEBI then the hope is that for share transfers that are less than 2% we will not need to go through the detailed exercise that we currently go through for determining fit and proper criteria for shareholders. So that should certainly speed up the process for share transfers that are less than 2%. But as I said we are awaiting certain clarifications from SEBI on that and till that point in time we will continue to process transfers the way we are doing currently which is every share transfer will have to go through the current process of determining fit and proper and everything else that we have in place.
- On unlocking value in subsidiaries was one other point, there obviously as I said all the subsidiaries are in growth mode and they have a long way to go in terms of achieving potential. We will continue to invest in those areas, and we are growing these companies organically and inorganically. There is no current plan for listing of any of those subsidiaries but certainly as those subsidiaries grow and they are all profitable, they would add to the shareholder value that gets created at NSE and so that's the current plan. There is no plan to list any of the subsidiaries in the foreseeable future.
- Chairman, that's broadly what I had in terms of the range of questions that were asked in different topics. I don't know whether there are any other questions that I have missed out that have come in the chat box.
- Yeah, there is a question that has come on the chat box or in the message box about GIFT City, why are we offering only US stocks and not all international stocks. I would say one step at a time, let's first get this right, I think the general interest based on all the research that we have done and all the discussions that we have had would be in some of the US stocks rather than Japanese stocks or German stocks. So at this point in time we are offering as a start 50 US stocks and these would be the usual suspects that people would want to trade and would have an interest in. It is not to say that we would stop there, once the framework is established it could certainly be replicated for more US stocks and then it could be taken to other areas as well. But based on the interest that we got and the feedback we got from the market, I think this would be a good start. And we will see how things evolve.
- So, Chairman, those were all the questions that have come based on what shareholders specifically raised as well as what has come in the message box.
- **Mr. Girish Chandra Chaturvedi – Chairman, NSE:**
- Thank you, Vikram.

- The queries have now been answered. If there are any more queries, please do write to the company. Those who have not cast their votes on the resolutions set forth in the notice may do so immediately as the e-voting platform is available only for the next 15 minutes after which the voting platform will be closed. I authorize the Managing Director and CEO, or the Company Secretary to declare the results of the remote e-voting as well as the electronic voting done at the AGM today along with the scrutinizer's report. The result will be announced within two working days from the conclusion of the meeting and will be displayed on the website of the company as well as on the e-voting website of NSDL along with the scrutinizer's report. The same will also be recorded as part of the proceedings of the AGM. This concludes the formal business of the meeting. Before I conclude, on behalf of the company, I wish to place on record our gratitude to all our shareholders for their active participation in the proceedings and for their valuable suggestions. Stay safe, Stay healthy. Take care. Thank you very much.

- **End of file**