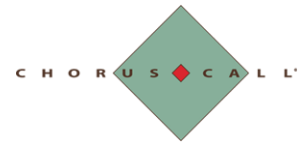




“National Stock Exchange of India Limited
Q4 FY '24 Earnings Conference Call”

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MANAGEMENT:

**SHRI. ASHISHKUMAR CHAUHAN – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – NATIONAL STOCK EXCHANGE OF INDIA LIMITED
SHRI YATRIK VIN – GROUP CHIEF FINANCIAL OFFICER AND HEAD, CORPORATE AFFAIRS – NATIONAL STOCK EXCHANGE OF INDIA LIMITED**

**SHRI SRIRAM KRISHNAN – CHIEF BUSINESS DEVELOPMENT OFFICER – NATIONAL STOCK EXCHANGE OF INDIA LIMITED
SHRI SHHARAD DHAKKATE – CHIEF HUMAN RESOURCE OFFICER – NATIONAL STOCK EXCHANGE OF INDIA LIMITED
SHRI VIRAL MODY - CHIEF TECHNOLOGY OFFICER, APPLICATIONS AND DEVELOPMENT – NATIONAL STOCK EXCHANGE OF INDIA LIMITED**

**SHRI MAYUR SINDHWAD - CHIEF TECHNOLOGY OFFICER, OPERATIONS – NATIONAL STOCK EXCHANGE OF INDIA LIMITED
SHRI SAMPATH MANICKAM - CHIEF TECHNOLOGY OFFICER, TECHNOLOGY INFRASTRUCTURE – NATIONAL STOCK EXCHANGE OF INDIA LIMITED
SHRI ROHIT GUPTA – COMPANY SECRETARY – NATIONAL STOCK EXCHANGE OF INDIA LIMITED
SHRI VIKRAM KOTHARI – MANAGING DIRECTOR, NSE CLEARING LIMITED**

**SHRI BALASUBRAMANIAM VENKATARAMANI - MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER - NSE IFSC LIMITED
SHRI NEERAJ KULSHRESHTHA - MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER - NSE IFSC CLEARING LIMITED
SHRI MUKESH AGRAWAL - MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER - NSE INDICES AND NSE DATA
SHRI ARIJIT SENGUPTA – CHIEF MARKETING AND CORPORATE COMMUNICATIONS OFFICER – NATIONAL STOCK EXCHANGE OF INDIA LIMITED
SHRI TIRTHANKAR PATNAIK - CHIEF ECONOMIST – NATIONAL STOCK EXCHANGE OF INDIA LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Q4 FY24 Earnings Conference call for NSE India Ltd. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Yatrik Vin, Group CFO and Head Corporate Affairs from NSE. Thank you and over to you Mr. Vin.

Yatrik Vin: Thank you and good afternoon everyone and welcome to NSE's Earnings Call to discuss the Results for the Fourth Quarter of the financial year 2023-2024. I am Yatrik Vin, Group CFO and Head Corporate Affairs, NSE. Do note that this conference is being recorded and a transcript of the same will be available on our website.

The financial results and investor presentations are also available on our website. Joining us today on this Earnings Call is NSE's leadership team consisting of Shri Ashishkumar Chauhan, MD and CEO, Shri Sriram Krishnan, Chief Business Development Officer, Shri Shharad Dhakkate, Chief Human Resource Officer, Shri Viral Mody, Chief Technology Officer, Applications and Development, Shri Mayur Sindhwad, Chief Technology Officer, Operations, Shri Sampath Manickam, Chief Technology Officer, Technology Infrastructure, Shri Rohit Gupte, Company Secretary, NSE, Shri Vikram Kothari, MD, NSE Clearing, Shri Balasubramaniam Venkataramani, MD &CEO, NSE IFSC Limited, Shri Neeraj Kulshreshtha, MD &CEO, NSE IFSC Clearing Limited, Shri Mukesh Agrawal, MD and CEO, NSE Indices and NSE Data, Shri Arijit Sengupta, Chief Marketing and Corporate Communications Officer, NSE, Shri Tirthankar Patnaik, Chief Economist. We also have our other colleagues from the Finance, Investor Relations and Secretarial team.

Please note that NSE does not provide any specific revenue or earnings guidance. Possibly anything said on this call may reflect NSE's outlook for the future or which may be construed as a forward-looking statement and the same must be reviewed in conjunction with the risk that company faces.

With that, I would like to hand over the call to Shri Ashishkumar Chauhan, MD and CEO, NSE. Over to you, sir.

Ashishkumar Chauhan: Thank you, Yatrik. Good afternoon, everyone. I welcome you all for joining us for this quarterly investor call today.

NSE's business and financial performance for the quarter ended March 24, remained buoyed on the back of strong volumes. Before I move on to the details of the business and financial

performance of the company, I would like to take this opportunity to highlight few of the key business developments.

I am happy to inform that starting March 28, 2024, we have started the T+0 Settlement with 25 stocks. This initiative of SEBI towards shortened settlement cycle is expected to bring cost and time efficiency, transparency in charges to investors, strengthened risk management at clearing corporations and the overall securities market ecosystem. The system guarantees same-day access to funds and securities, thereby mitigating counterparty and duration risks. This initiative will also boost investor confidence and simplify the trading process for retail investors.

Recently, we have introduced derivative contracts on Nifty Next 50 Index post-approval by SEBI. Nifty Next 50 Index provides representation to large capitalized stocks beyond the Nifty 50 Index. We believe that this derivative product is unique, considering the underlying index does not have overlapping constituents with other market capitalization-based broad-based indices on which derivatives are available on NSE.

With increasing interest of participants beyond the top 50 stocks, this index will provide an additional tool for risk management. The contracts have received a positive response from market participants with more than 375 trading members from across the country participating in this index derivatives.

Our initiative on social stock exchange has seen eight listings till date. Non-profit organizations have raised nearly INR10 crores, which will be used for development projects. This fund mobilization is a significant milestone in financial inclusion and social welfare. Further, on the SME Image platform, we saw SME-listed companies surpassing market capitalization of INR1 lakh crores with close to 400 companies listed. This showcases the hidden potential of Indian MSMEs that have been the driving force of our country's economic growth.

NSE is committed to facilitate fundraising opportunities to chart these growth stories and make capital markets more accessible to them through NSE EMERGE platform and social stock exchange.

The unique registered investors on NSE crossed 9 crores mark in February 2024. The total number of client quotes registered with exchange now stands at 16.9 crores. Unique investors registrations at NSE have seen an accelerating trend over the last few years. While the increase from 6 to 7 crores unique investors took about 9 months, the next 1 crores investors from 7 to 8 crores took 8 months, and the jump from 8 to 9 crores took only 5 months. The investor base has seen more than 3x jump in the last 5 years, facilitated by rapid growth in digitization, rising investor awareness, financial inclusion, and strong market performance.

Of the new investors that have entered the market since October 23, nearly 42% hail from North India, followed by 28% from West, 17% from South, and 13% from East. Over 46% of all new investor registrations in the last 5 months originated from districts beyond top 100 districts. It is encouraging to see that the recent 1 crore new investors have been onboarded on the exchange in the shortest possible 5-month time. Deepening participation in various exchange-traded financial instruments such as equities, exchange-traded funds, REITs, InvITs, government

bonds, corporate bonds, etc. can be attributed to some of the key drivers such as simplification of KYC process over the years, financial literacy imparted by all stakeholders through investor awareness, programs and sustained positive market sentiments over the long term.

NSE is committed to empower investors with knowledge, toolkits and data for taking informed decisions while investing. NSE follows a digital-first approach while disseminating information to the common investors. In financial year 2023-2024, NSE conducted a total of 5,889 investor awareness programs through webinars and on-ground seminars covering approximately 3.65 lakh participants including 434 regional seminars along with SEBI. NSE's outreach programs are geographically spread across all states and Union territories and were conducted in 14 languages.

NSE launched its podcast series Sashakt Niveshak, pathway to \$5 trillion Economy and is dedicated towards investor awareness. This is a series of conversations with thought leaders from the Indian capital markets and covers a wide range of topics like financial literacy, investment products, safeguarding investments, sustainable finance and impact investing, etc. NSE has also established an investor protection fund with the objective of compensating investors in the event of defaulters' assets not being sufficient to meet the admitted claims of investors. The corpus of NSE IPFT as of March 31-24 stood at INR1,992 crores.

NSE was recognized as the best infrastructure platform in Asia in 2024 Best of the Best Awards' by Asia Asset Management. It is an Asia-Pacific trade publication catering to asset managers, pension funds and institutional investors. NSE's profound impact on enhanced market infrastructure driving improvements in market liquidity, operational efficiency, cross-border connectivity, expanded service delivery, coverage of instruments and risk mitigation to have achieved \$4.8 trillion market capitalization for the companies listed on NSE platform, were some of the key areas leading up to this recognition. It is a testament to our robust infrastructure and technological progress that make us one of the leading stock exchanges in the world. NSE has been consistently fostering state-of-the-art infrastructure planned meticulously to enable innovation and rapid deployment to ensure seamless and continuous market operations.

In terms of the volumes, during the March quarter, NSE's average daily turnover in cash segment stood at INR1.12 lakh crores, which grew 38.72% over the previous quarter ended December 23, and a robust 127% over the same period last year.

NSE registered a record 5.36 crores trades being executed on its platform on March 13, 2024 in the equity segment.

In terms of the volumes for the financial year 2023-2024, NSE's average daily turnover in cash equity segments stood at INR82,198 crores, which grew at a robust 53% over the same period last year. Retail participation in Indian equities in terms of active investors has been rising steadily during this year. NSE saw participation from over 3 crore individual investors in the entire year as compared to 2.5 crore active investors in the preceding year.

Within the cash segment, the daily average turnover in SME stocks stood at INR241 (241 not 2.41) crores during the March quarter, which grew 42% over the previous quarter ended

December '23 and grew by 320% year-on-year for financial year 23-24. Exchange-traded funds surpassed 200th listing during the March quarter. The daily average turnover in ETFs stood at INR749 crores during March quarter, which grew 55% over the previous quarter ended December '23 and grew by 92% year-on-year for financial year 23-24.

In the debt segment, the total traded value of tri-party repo of ARCL during the March quarter stood at INR25,218 crores, an increase of 218% over the previous quarter ended December '23.

NSE's international exchange at Gift City, Gandhinagar has held a dominant market share of 96% in financial year 23-24, highlighting NSE-IX's extensive leadership in GIFT IFSC. NSE-IX witnessed a total turnover growth of 161% from the total turnover of USD281 billion in financial year 22-23 to turnover of USD734.5 billion in financial year 23-24. As of March 31, 24, NSE-IX has a total number of 70 market participants, which includes 50 trading members, 11 trading cum clearing members, 7 trading cum self-trading members and 2 professional clearing members. Of these 70 registered members, 52 members were enabled for trading.

NSE's average daily turnover during the March quarter in equity index and stock options on premium value of options today stood at INR75,572 crores, which increased by 27% over the same period last year. The average daily turnover in equity index and stock futures stood at INR1,79,840 crores, which increased by 60% over the same period last year. NSE's average daily turnover in currency futures during the March quarter stood at INR28,821 crores and in currency options on premium value stood at INR105 crores.

I shall now come to the financial updates for the quarter ended March '24.

During the quarter ended March '24, NSE earned transaction charges revenue of INR3,719 crores, showing a growth of 23% over corresponding quarter ended March '23. Cash segment contributed 11% of these transaction charges and 88% is contributed by equity derivatives. NSE's income from listing services which include listing fees, book building and processing fees for the current quarter stood at INR57 crores, out of which listing fee income was INR31 crores.

During the current quarter ended March '24, NSE saw a listing of 21 IPOs on its main board, raising capital to the tune of INR12,990 crores. NSE's EMERGE platform that provides a platform for SMEs to go public and access capital saw a listing of 38 IPOs in this quarter, raising capital to the tune of INR1,464 crores. NSE also witnessed listing of other securities with around 474 commercial papers, raising funds of INR1.6 lakh crores during the quarter ended March '24. We saw about 139 private replacements of NCDs, raising INR1.45 lakh crores and 38 public issues of NCDs, raising INR2,289 crores during the quarter ended March '24.

NSE's treasury income stood at INR363 crores during the quarter ended March '24 as compared to INR249 crores during the quarter ended March '23. The increase is on account of improvement in the yields and higher investible surplus.

NSE's income from data center and connectivity charges was INR243 crores during the quarter ended March '24 as compared to INR165 crores during the quarter ended March '23. This has increased on account of additional racks provided by the exchange and connectivity charges.

Further, NSE continues to remain focused on its cost. It is a key in any platform business to bring in the maximum operating leverage.

NSE on a stand-alone basis incurred total expenses of INR1,926 crores. 46% of these total expenses amounting to INR882 crores are towards SEBI turnover fees, contribution to IPFT and contribution to Core SGF, 23% of these total expenses amounting to INR439 crores are towards clearing and settlement charges paid to our subsidiary company, NSE Clearing Limited and Indian Clearing Corporation Limited owned by BSE, License fees for index paid to our subsidiary company NSE Indices on account of increased trading activity. 31% of the total expenses amounting to INR605 crores are towards operational expenses like employee costs, technology costs and other administrative expenses. These operational costs increased by 16% from INR523 crores during the quarter ended March '23 to INR605 crores during quarter ended March '24.

As you know, NSE maintains one of the most robust state-of-the-art and largest trading technology platform in the world. To cater to such high volumes, NSE needs to periodically invest in technologies. During the quarter ended March '24, Company has spent about INR193 crores towards technology-related operational expenses. In terms of the number of trades per day, NSE continued its position as the largest exchange in the world based on available data.

As informed in the investor call held on March 16, '23 regarding augmentation of the Core Settlement Guarantee Corpus to INR10,000 crores as desired by SEBI over the next few years in a phased manner, the Board of Directors had approved a voluntary contribution of 2% of the transaction charges earned to the Core Settlement Guarantee Fund to maintain corpus of the said fund based on the assessment of the current trends in volumes and overall increase in market activities.

Additionally, the Board had approved contribution of INR500 crores to the Core SGF in each of the three quarters starting with September '23. Accordingly, during the quarter and year ended March 31, '24, NSE has recognized an expense of INR 574 crores and INR1741 crores respectively towards contribution to the core SGF in the financial results. Further, NSE has also made an equity infusion of INR1400 crores in NSE Clearing Limited, which has in turn transferred this money to Core SGF. The total corpus of core SGF now stands at INR8,819 crores.

NSE's operating revenue on a standalone basis for the quarter increased by 25% from INR3,295 crores during the quarter ended March '23 to INR 4,123 crores during the quarter ended March '24. The operating revenue for the current quarter stood at 92% of the total revenue. NSE reported an operating EBITDA margin of 56% for the quarter ended March '24. The net profit after tax stood at INR1,856 crores and the earnings per share for the quarter on a standalone basis was INR37.5 per share.

NSE for financial year '24 has decided to appropriate an amount of INR1,950 crores from retained earnings to a separate reserve within equity towards adequate risk capital management leading to an increase of this reserve from INR6,583 crores as of March 31, '23 to INR8,533

crores as of March 31, '24. The creation of this risk reserve is intended towards providing adequate capital to meet up with any unforeseen risk and market exigency requirements.

NSE's standalone net worth as of March 31, '24 stood at INR19,362 crores.

NSE contributed INR43,514 crores to the Exchequer for financial year '24 of which STT/CTT comprises of INR34,381 crores, income tax of INR3,275 crores, Stamp Duty of INR2833 crores, GST of INR1,868 crores and SEBI charges of INR1,157 crores. Out of the STT of INR34,381 crores, 60% is from cash market segment and 40% is from equity derivatives segment. The STT collection of INR34,381 crores is 24.46% higher than the annual budget estimate of INR27,625 crores. This STT accounts for 3.77% of the net personal income tax collections for the financial year 2023-24

I shall now cover few aspects of our key subsidiary companies.

NSE Clearing Limited post interoperability continues to have a robust market share of 93% for clearing and settlement for cash equity segment, 96% for equity derivatives segment and 86% for currency derivatives segment. The total revenue of NSE Clearing on a stand-alone basis increased by 194% from INR273 crores during the quarter-ended March '23 to INR802 crores in quarter-ended March '24 and profit after tax increased by 287% from INR133 crores during the quarter-ended March '23 to INR515 crores in quarter-ended March '24.

NSE International Exchange post the launch of NSE IFSC-SGX Connect has seen an increase in participation. Since the full-scale operation of GIFT NIFTY has witnessed a total cumulative volume of over 15 million contracts with a total cumulative turnover of USD612 billion as on 31st March '24. GIFT NIFTY which stands as a new benchmark to the growth story of Indian equity market has reached multiple back-to-back single-day record peak volumes of 532,783 contracts and notional turnover of USD22.88 billion on January 23, '24, and it achieved highest open interest of 330,000 plus in terms of number of contracts with its value of USD14.6 billion as of March 26 '24. NSE IX post commencement of full-scale operation has turned EBITDA positive and has also posted a profit for the quarter-ending March '24.

NSE Indices, one of the subsidiaries of NSE which owns the flagship indices like NIFTY 50 and NIFTY Bank have been doing quite well. Total AUM of ETFs and index funds in India tracking NIFTY indices is INR6.3 lakh crores. Currently, there are 294 passive products (ETFs and index funds) tracking NIFTY indices in India. In international markets, there are 16 ETFs, 6 index funds and two ETNs tracking NIFTY indices with a total AUM of ~USD3.4 billion.

NSE Data that manages and disseminates the exchange data has seen an expansion in its client base for both real-time data and historical data. NSE Data has further augmented its offerings and is a managed service provider to CERSAI for CKYCRR.

NSE Group also has presence in other asset classes including power exchange, receivable exchange (TReDS platform regulated by RBI) and Gas Exchange. All these businesses have been performing well.

You may note that during the year NSE participated in the offer for sale of Protean eGov technologies which got listed in November '23. NSE's stake in Protean eGov is now 20.4%. The total proceeds from the stake sale were INR127 crores and the profit was INR81 crores. As announced in the last call, NSE shall be participating in the offer for sale of NSDL mainly to meet the regulatory requirements. NSE is committed to these new areas and is constantly working with partners for the growth of these platforms.

Now moving on to the financial performance at the group level. NSE Group financials for the quarter ended March '24 includes the performance of our subsidiaries and associated companies. As I indicated in my earlier interactions, we are already in the process of moving out of non-core businesses. In this regard NSE has already signed definitive agreement to divest the technology business which included digital business of NSEIT along with NSEIT's subsidiary companies CXIO Technologies Private Limited, Aujas Cybersecurity Limited and NSEIT US. Currently NSEIT continues to be our subsidiary and continues to undertake digital examination business. The transaction is expected to close shortly post completion of the remaining closing obligations.

Total revenue on a consolidated basis for the quarter ended March '24 increased by 35% from INR3,774 crores to INR5,080 crores. We have further witnessed robust growth from adjacent clearing, data and terminal business. Operating revenue during the current quarter was at 91% of the total revenue.

Total consolidated revenue comprises 74% from transaction charges, 16% from treasury income, 5% from data center and connectivity charges, 2% from data services, 1% each from listing and index services. The net profit after tax stood at INR2,488 crores which grew by 20% as compared to the corresponding quarter of the previous year. Earnings per share for the quarter ended March '24 was INR50.25 per share.

NSE's consolidated net worth as of March 31, '24 stood at INR23,974 crores. NSE Board has recommended a dividend of INR90 per share for the year ending FY24 amounting to a pay out of INR4,455 crores. NSE Board has also recommended the issue of four bonus shares for every one existing share held, subject to necessary approvals by shareholders and regulators towards increasing authorized share capital.

The details surrounding book closure dates and record date for entitlement of bonus shares shall be communicated separately.

We continue to work towards launching new products in various domains, subject to regulatory approvals and become more responsive to the changing market conditions and needs of its stakeholders.

NSE remains committed to provide the most transparent and regulatorily compliant market infrastructure in India. We continue to invest in our technology capabilities and infrastructure to provide seamless experience to our investors. Our risk management practice remains one of the most efficient processes in the global market ecosystem.

With this overview, let me welcome you once again and invite you for the question-and-answer session. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Abhijeet Sakhare from Kotak Securities. Please go ahead.

Abhijeet Sakhare: Thanks. Good afternoon, everyone. Sir, on the Nifty Next 50 contract, can you please explain the rationale behind introducing only the monthly contract? And should we expect a weekly contract as well sometime during the current financial year? Thank you.

Ashishkumar Chauhan: The current approval is basically for the monthly contract only. So in case weekly contracts are approved, then it will be introduced. Till that time, the monthly contract will continue.

Moderator: The next question is from the line of Vedant Chandak from Avendus. Please go ahead.

Vedant Chandak: Hi. Good afternoon. I just wanted to understand your thought process on the contribution to the SGF. We see a drop in the contribution to the SGF in terms of the total contribution that we would like to make over the course of the next year or two years. How would you plan to phase that out?

Ashishkumar Chauhan: So, we are currently working on strategies to figure out how to now go further to achieve what SEBI has asked us to do. We are also working with SEBI on some of these issues. So, whatever is required to ensure the robustness of our SGF compared to the risk that is being imposed by our open interest will be done. Because ultimately, the risk is not due to trade, number of trades or the value of trades, but it is actually about the open interest that is available.

And over the last 7-8 years, SGF has not increased in terms of the amount from INR5,000 crores. So, that is why SEBI had desired to increase it to INR10,000 crores. And currently, we are in the process. So as and when required, between the clearing corporation's own resources and exchanges resources, will have to be provided to ensure that the SGF reaches the levels that are desired by SEBI.

Moderator: Thank you. The next question is from Mahesh Bhatt from Mondelez. Please go ahead.

Mahesh Bhatt: Hi. Thanks to the Board members for the feedback on bonus and robust set of numbers and congratulations for that. My question is on, currently there are stock futures, I think around 180-181 stocks in the futures, right? Is there any guidelines from SEBI to increase that to earlier highest number, which was around 200? Because we have seen the stock futures numbers keeping on declining from what was there earlier.

And the second thing is, do we have any guidelines on SEBI to increase the timing of the trading? Because I think a few months back, there was some increase in the timings roundabout, right, for the timings for the exchanges.

Ashishkumar Chauhan: So, currently, there is no plan to increase the timings as SEBI has returned back the application which we had provided because the stockbrokers seem to have not given the feedback that SEBI wanted. So, as of now, the extended timing is shelved. And broadly speaking, on the other

question -- what was the first question you had? Number of stocks, again, SEBI is working on it. So, as and when SEBI tells us, in case they want to increase or decrease the stocks or what should be the methodology, at that time, there will be a change. Till the time SEBI informs us, we will not be able to comment on it.

Moderator: Thank you. The next question is from Soumya Turakhia from 360 ONE Asset. Please go ahead.

Soumya Turakhia: Hi, sir. My question was on the clearing and investment revenue...

Moderator: Soumya, I am sorry to interrupt, but your voice is breaking. If you are on a hands-free, request you to use the handset.

Soumya Turakhia: I am just checking. Is it better?

Ashishkumar Chauhan: No, we cannot hear you.

Moderator: We seem to have lost the line for Soumya. We move to the next question. The next question is from Jayant Kharote from Jefferies. Please go ahead.

Jayant Kharote: Thank you for the opportunity and congratulations for a great set of numbers, sir. So just two questions from my side. First, on the transaction charges, I just missed out. You gave the split into options, cash, futures and currency. If you could give that split again, that is one. And second is on the SGF, sir. If I understand it correctly, now that you have taken this 14 billion infusion, you are only like two quarters away for the 10,000 target. That is my question.

Ashishkumar Chauhan: Yes, on the SGF part, I think we still need to figure out the further details because SEBI and we will be sort of communicating on what exactly will constitute the SGF and things like that. So that portion is done. The transaction split, Yatrik, can you mention?

Yatrik Vin: Yes. So, the transaction charges on cash equity segment as of March '24 was 11% and remaining 89% came from equity futures and equity options. Of that, 11% was equity futures and 78% was equity options.

Moderator: Thank you. The next question is from the line of Anubhav Dayal from Soach Global Corporation. Please go ahead.

Anubhav Dayal: Good afternoon. Congratulations on such an excellent performance. Now this performance is driven by the human resources that we have. We have the best people who have joined us and are working hard to increase and improve our performance. My question is, we understand that we have a regulatory, quasi-regulator also, but still I'm asking this question that as a company, can we evaluate ESOPs for our employees.

So, it's basically, we all know how ESOPs will work, but the motive of our business is such that we are encouraging people to improve their skill sets, look forward to participating in boosting capital markets. Those are things that are happening, but can we look at ways of -- it may not be possible every employee, but can we have some teams or some nature of activities that can be rewarded with ESOPs? That's my question. Thank you.

Ashishkumar Chauhan: Yes, thank you. We are grateful for your thoughts. Currently, the SEBI regulations don't allow for the ESOPs to the key managerial personnel. And so, as of now, although the thought is noble, currently, it's not allowed.

Moderator: Thank you. The next question is from Jay Shah, who's an individual investor. Please go ahead.

Jay Shah: So, my question is, sir, right now, the actual share transfer process, which involves Stage 1 and Stage 2, thanks to you, Stage 1 has been made pretty fast. But Stage 2 still takes a lot of time, the actual share transfer process. My request would be the bonus and record date, if you can have it somewhere in late August or early September, because a lot of transactions are underway. So, that will help. This was one suggestion. And sir, the question would be, did we have a technical glitch on the day of Vodafone FPO, sir, that if you can throw some light on that?

Ashishkumar Chauhan: Okay. So first, I will request my colleague to give you the suggested timeframe on the issue and then we'll talk about the Vodafone. Probably, we can take this offline, because it's not much to do with the current call. And so we can also do it through email later on. But we'll give you -- because as a shareholder, you need to figure out, although for your general information, it was only for one stock, and in pre-open, not during the day.

So, in a way, it's not considered the way you describe it, although in normal term parlance, we use the words more interchangeably. But on the share transfer process, I will request my colleague, Yatrik, to tell you the dates by which all these things will happen. These are estimated dates, not the final dates.

Yatrik Vin: So, potentially, the entire share transfer process will be having three steps. One is that once we receive the appropriate approvals, the first stage would be where we will have the book closure date.

Rohit Gupte: I'm sorry, if I can interrupt, Yatrik. So the entire process of issue of bonus will, first of all, involve increase in authorized capital. And increase in authorized capital itself is a process which has been defined by SEBI and will require SEBI approval. So that itself will take some amount of time. Post the shareholder approval, we'll approach SEBI for their approval. And after that, we will keep the books closed for a certain period of time.

At this point in time, our estimate is we'll keep it closed for about 30 days or so, after which we will issue the bonus shares. So there will be sufficient time for the Stage 2 process also to get completed. At the same time like you have mentioned that stage 1 is very fast now. Stage 2 is basically stuck at the depositories end because they have a certain amount of processes to be done at their end. And we are working with the depositories to see how we could further improvise on that so that that process is also quickened. So, that's the update on that part.

Moderator: Thank you. The next question is from Nitesh Goyal from Growth 360 Degrees LLP Please go ahead.

Nitesh Goyal: Good afternoon, sir. My question is, do we see any further delay of NSE's IPO due to the glitch of Vodafone Idea?

Ashish Chauhan: Basically the IPO currently the situation remains as is. There is nothing to do with Vodafone Idea at all. It is only a figment of somebody's imagination, but currently other than that the issues are not related. We don't have a comment on the IPO to be made the situation remains as is.

Moderator: Thank you. Next question is from Rishabh Parekh from Sunidhi. Please go ahead.

Rishabh Parekh: Hi, I just have a question on our other income as reported in the financials. So, FY24 consolidated other income was about INR 1,654 crores. Could you please break this down into the income that we earn on our own funds and the income that we earn on margin money that is deposited by members?

Yatrik Vin: we will take out the data. Go to the next participant and then we will revert to the response.

Moderator: Sure, we will move to the next question. The next question is from Anubhav Vashishtha from Stockpulse. Please go ahead.

Anubhav Vashishtha: Yes, good afternoon and thank you for taking my question and congratulations on a good set of numbers. Firstly, on regulatory fees we have seen that in the past few quarters, this has gone up in a big way. So, is it directly linked to the volume or there has been a mandate by the regulator in some way that it is calculated as a percentage of transaction volume? And secondly, a few months back, we have seen that NSE had decided to exit non-core businesses such as education and IT. So, going forward, are there any more chances that you are thinking of exiting any more non-core businesses?

Ashish Chauhan: So, we want to come out of the non-core businesses as desired by SEBI. You would have seen based on our note last week on us exiting from three companies. There are a few more in the pipeline. In my speech also I had mentioned. So, most of the non-core businesses will be sort of sold or divested off as soon as possible. And in terms of the regulatory fees they have gone up with the notional volume in options because the SEBI's own fees on exchanges is actually on a notional basis.

So, last year, we had paid some amounts, although our options volume have not doubled, but because the notional volume traded has gone up much more that is why the SEBI fees have gone up. So, that is basically the explanation. And it is in public domain the amount per crores of notional value, how much we need to pay. So, if you can model it in your models, it will help you identify that cost going forward.

Moderator: Thank you. The next question is from the line of Chandrakala, who is an individual investor. Please go ahead.

Chandrakala: Hello, everyone. Good numbers. So, my question is I think, already covered by Jay Shah.

Yatrik Vin: We can just respond to the earlier participant question. So, the total treasury income at NSE Consol is INR 2,460 crores. Out of that, total other income is INR 1,650 crores. About INR 812 crores is the overall income from the operations, operating treasury and in that margin money related is INR 729 crores.

Moderator: Thank you. We will move to the next question. Next question is from Pritesh Vora from Mission Street. Please go ahead.

Pritesh Vora: Sir, my question was on the note number 2C. In this SGF we have not properly understood the -- has some network path has been rerouted to SGF fund and that is 1955 as it is mentioned there INR1950 crores?

Yatrik Vin: So, this INR1950 crores note number 2C talks about the movement from retained earnings, that is reserves to a separate reserve called the risk capital reserve. So, during the year, year ended March 24, INR1950 crores was moved out of reserves to risk capital reserve. The opening risk capital reserve was INR 6,583 crores on 1st February 2023 which actually became INR 8,533 crores on 31st March 2024.

Ashish Chauhan: And this is not related to SGF. This is a different risk capital reserve in the balance sheet of the exchange. SGF is a separate sort of a trust kind of framework under which this happens whereas this risk capital reserve is actually in the balance sheet of the NSE itself.

Moderator: Thank you. The next question is from Abhijeet Sakhare from Kotak Securities. Please go ahead.

Abhijeet Sakhare: Thanks for the follow up. I wanted to clarify on the previous question itself. So, if you could explain what is driving the creation of risk capital? Is there a regulation behind it or it is just a prudential regulation, sorry, a prudential creation of reserves from our end?

Ashish Chauhan: Yes, it's more on the risk capital side, it is more on the prudential part from our side.

Moderator: Thank you. Next question is from Sangeeta from Cogito. Please go ahead.

Sangeeta: Good afternoon and thank you for taking my question. Coming back to the SGF, can I read from whatever you have said that there is a possibility that SEBI may raise this amount which is INR10,000 crores to a higher amount given the increase in volumes, etc. and is that what is under discussion that is one. Second question really relates to dividend policy. Is there a clearly articulated dividend policy that you have?

Ashish Chauhan: Yatrik you want to mention about the dividend policy?

Yatrik Vin: So, ma'am dividend policy is available on our website. It has been approved by the board a couple of years back. And the broad philosophy of dividend policy is that whatever is the surplus generated during the year after providing for the necessary requirements for managing the risk appropriately, our internal capex more specifically our technology front as MD sir mentioned in his speech.

And after providing for the necessary working capital balance available the philosophy is to distribute everything back to the shareholders, return it back. So, that's the philosophy with which the dividend policy has been carved out and it's available on our website.

Ashish Chauhan: Yes. On the SGF side, our SGF is INR8,819 crores and there are several committees of SEBI which continue to discuss the entire risk management framework on the markets to ensure that there is enough and more capital available. And that's why it is possible that if the markets

continue to do well in terms of the trading volumes and of course the open interest then naturally basically the SGF also may need to be increased. So, that remains to be seen how in future this thing unfolds.

Moderator: Thank you. The next question is from Rajiv Pathak from GeeCee Holdings. Please go ahead.

Rajiv Pathak: Hello, sir. I think just to clarify that the regulatory fees that we pay is already calculated on the notional turnover basis and not on the option premium unlike the BSE and hence we don't have an issue with SEBI on the calculation part. And therefore, as a corollary, there is no chance for us to tweak the transaction charges upwards to cover up for this.

Ashish Chauhan: No, NSE has been paying it on notional basis from 2018-19 if I recall correctly. And that's how it has always been the last 5 years. It has been like this on notional basis only on NSE's part.

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

Devesh Agarwal: Good afternoon, sir. And thank you for the opportunity. Firstly, congratulations on good set of numbers. Sir, I have two questions. One, you mentioned that because of the faster growth in the notional turnover versus premium turnover the regulatory costs are kind of going up for us. I assume even the clearing and settlement costs would be increasing because of this because the number of trade increase is much faster than the premium.

So, is there any means for us to offset this the margin impact that we are seeing in the option segment? Is there any means to offset this in terms of can we take some tariff increase which can offset this? That is question number one. And secondly, sir, in equities, we have been doing very well. You did mention about other segments in the past, but now we see that in commodities we have started to see some market share gains. So, what is the game plan there? These are the two questions. Thank you, sir.

Ashish Chauhan: So, we currently do not have any plans to increase our tariffs. And on the commodities we have gained some market share recently and so it remains to be seen how the markets take up our offerings which are international best in class contracts and all. So, hopefully, if that picks up, again, it will be another sort of line of growth for us going forward.

Moderator: Thank you. The next question is from Devansh Negotia from Safe Enterprises. Please go ahead.

Devansh Negotia: Thanks for the opportunity, sir. Just a quick clarification once again on SGF. So, one is the retrospective adjustment which we have done that is one and another is the adjustment or the expenses or contribution to SGF which will come as the business grows from here. So, can you quickly clarify on both the amount for this quarter specifically? And one more thing which you mentioned that 2% of the transaction charges is the contribution to SGF. So, let us say the business grows by 10%. That is the next quarter, then the SGF contribution will be 2% of the 10% of the incremental business growth. Can you just quickly clarify these two things?

Ashishkumar Chauhan: So, your last question is correct. Your understanding is correct. 2% of 10% additional. But on the retrospective part, although I didn't understand, I'll request Yatrik to clarify.

Yatrik Vin: So, frankly, there is no retrospective contribution. Only thing is in FY '24, we have contributed INR1741 crores to the Core SGF from the exchange side. And last year, this number was INR203 crores. This increase in number is mainly because, as we mentioned in the earlier calls also, and MD covered in this speech as well, that effective September quarter, we have been contributing INR500 crores each.

So, current year, NSE has contributed 1500 contribution additionally as an ad hoc contribution over and above what it contributes as 2% of transaction charges. In addition to this, clearing corporation also, in the current year, FY '24 has contributed INR1400 crores towards the Core SGF as clearing corporation's contribution to Core SGF.

Moderator: Thank you. The next question is from Ivan from OMERS. Please go ahead.

Ivan: Thank you. So, I can clarify the increase in other expenses. I see almost INR250 crores, almost INR300 crores increase in other expenses. What's the reason for that? And secondly, can you share any update on the shift to the new data center? Thank you.

Yatrik Vin: So, the overall increase in the other expenses is two components. One is the SEBI-regulatory fee and second one is the clearing and settlement charges. Both are somewhere linked to the higher volumes and the transaction charges that we have.

So, because they are variable expenses in nature, it has gone up in FY '24. With regard to the shifting of the data center, we are in the process of evaluating the multiple service providers in this area. And potentially, in the next couple of quarters, we would have actually decided upon that particular project and would have moved it. Sometimes, next year, we would be actually shifting our data center to a new place. The process is on right now.

Ashishkumar Chauhan: In the meantime, we are increasing the capacity within our current building. So, there is going to be enough racks available for all the future growth also going forward, even within this building till the time we shift to the new data center.

Moderator: The next question is from Prayesh Jain from Motilal Oswal. Please go ahead.

Prayesh Jain: Yes. Hi. Congratulations on a great set of numbers. Firstly, whether I have understood it correctly that you have been paying on turnover since 2019 only. And if I know correctly, this was supposed to be done from the time of launch of options. So, do you see any penalty coming from or any ask coming in from the regulator from the time that you have launched options to until FY '18 or '19?

That was first. And second was you know, again, there's a lot of talk about SEBI or the regulator wanting to restrict activity of retail participation. And there has been some media articles citing that exchanges have kind of given two methods, wherein one is, you know, net worth based criteria or second is mandatory education. Do you think any of these can really play an important role and restrict retail participation activity? Yes, those are my two questions.

Ashishkumar Chauhan: So, to our knowledge, we are fully compliant with the SEBI regulations on payment of fees to SEBI since whenever they started charging. In fact, there was a change in regulation from 2018-

'19 onwards. That's why it started going up. Till that time, there was a cap to the amount. That's why it was not going up. After that, it started going up. Even first three quarters of this year, we have always mentioned it. It was there in our quarterly results also. In terms of the total limit till 2018-'19, it was INR20 crores. And that's where we were probably paying INR20 crores or below. But after that, we have always paid whatever was required by SEBI. And that's why we don't expect any penalty going forward. And in terms of the retail investor activity, your knowledge is as good as our knowledge. And so, it remains to be seen what happens in the future on this count.

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

Amit Chandra: So, thanks for the opportunity. So, my question is, on the recent price cut that we had of 1%, that was mostly a pass-through in terms of the benefits of higher volume to members. Now, in the future, do you see further any kind of an action in terms of the pricing action in terms of again providing discounts to the traders with higher volumes or any kind of pass-through or in terms of pricing cuts?

And also in terms of the gaps in the portfolio that we see currently, is there any gaps in the portfolio that we like to mention? And also in terms of clearing services obviously, the revenue has almost doubled. So, if you can provide the breakup, how much it was from NSE standalone and from other entities? Thank you.

Ashishkumar Chauhan: So, we don't currently have plans to do any price cut, but if there are any new sort of situations that come up, we will have to look into that. As of now, we don't have any specific plan, but we are also always open to any regulatory suggestions or other things, as I mentioned in my speech also, that we want to be the most compliant exchange or most compliant MII in India. And in terms of your second question on the clearing and settlement fees, it is largely, again, the number of contract basis plus on the open interest basis and a few other basis in terms of the futures options.

That is why it has gone up. And again, the total, if I recall correctly, in the first nine months, NSE had paid INR 20 crores more to the BSE group in terms of the net clearing charges. The last part of it, I still need to have the details, but I know you are tracking and you have issues or you have opinions on it.

Yatrik Vin: I think we have lost contact with MD sir. We can wait for Mr. Chauhan to reconnect.

Ashishkumar Chauhan: So, basically, in some ways, both exchanges have decided with both the clearing houses long back on what basis they would pay. And currently, I do not see, given the way the clearing houses have to also enhance their SGFs and overall capital, how any further reduction in the clearing charges is possible. But in case it is done, it will be done on appropriate basis for both the exchanges by both the clearing houses.

Moderator: Thank you. The next question is from Sunil Kumar Pant from Planify Capital. Please go ahead.

Sunil Kumar Pant: Thank you so much, sir, for giving an opportunity to ask my question. Sir, I have two questions. Like we give the revenue segmentation in our financials, which is uploaded on the website. And

there I could see from the segmentation itself that the trend we are having in terms of the contribution to EBIT of trading part, it has been on a decline from Q1 FY '22, it was 88% and now it has reached to 70%. So, that is question number one. And can you explain the strategies deployed to handle the losing of market share to BSE in the derivatives part?

Ashishkumar Chauhan: No, when you have a large market share, which is pretty much the entire market, whenever any new activity starts, your market starts going down in terms of the share. But overall market has increased, you might have seen the volumes and all. And so overall market pie increased because of the competition.

And that is what we believe will happen in the future also. Our total volumes have grown up and our profits have grown. So, that is broadly the framework. And on the first question of EBITDA contribution reduction due to SEBI fees and all, I will ask Yatrik to make a comment. But broadly speaking, many of these are regulatory related activities. So, we do not have the leeway in those things. So, broadly, that would be my comment. But in terms of the details, I will tell Yatrik to make a comment.

Yatrik Vin: So, there are three things, sir. You rightly said. One is SEBI fees. Second one is the contribution to the SGF is a special contribution in FY '24 that we made. And third one is the clearing and settlement charge which we shared with our subsidiary. Because of the higher volumes, these two expenses have gone up and contribution to SGF. That is why we see mathematically the numbers are looking lower compared with earlier year.

Moderator: We will have to take that as the last question. I would now like to hand the conference back to Mr. Vin for closing comments.

Yatrik Vin: Thank you. And thank you, sir. And thank you everybody for participating in this call. Indeed, it was really very, very useful and it is a privilege that we are able to interact with all of you and respond to some of your questions and queries. In case you need any further information details, kindly do get in touch with us. Thank you for your participation. Thank you so much.

Ashishkumar Chauhan: Thank you. Thank you everyone.

Moderator: Thank you very much. On behalf of NSE India Limited, that concludes the conference. Thank you for joining us, ladies and gentlemen. You may now disconnect your lines.