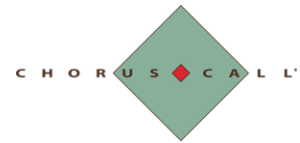




“National Stock Exchange of India Limited  
Q3 FY '24 Earnings Conference Call”

February 12, 2024



**MANAGEMENT:**

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**Moderator:** Ladies and gentlemen, good day and welcome to Q3 FY24 conference call of NSE. 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 this conference call, please signal an operator by pressing star then zero on your touch-tone 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. Thank you and over to you, sir.

**Yatrik Vin:** Thank you and good morning everyone and welcome to NSE's Earnings Call to discuss the results for the third quarter of the financial year 2023-2024. Do note that this conference is being recorded and the transcript of the call 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 Piyush Chourasia, Chief Regulatory Officer, Shri Somasundaram KS, Chief Enterprise Risk Officer, Shri Shharad Dhakkate, Chief Human Resource Officer, Shri Viral Mody, Chief Technology Officer - Applications and Development, Shri Mayur Sindhawad, Chief Technology Officer- Operations, Shri Sampath Manickam, Chief Technology Officer- Technology Infrastructure, Shri Vikram Kothari, MD, NSE Clearing, Shri Neeraj Kulshrestha, MD, NSE IFSC CC, Shri Arijit Sengupta, Marketing and Corporate Communication, Shri Tirthankar Patnaik, Chief Economist, Shri Rohit Gupte, Company Secretary. We also have other colleagues from finance, investor relations and secretary teams joining on this call. Please note that NSE does not provide any specific revenue or earnings guidance.

Possibly anything stated 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 morning, everyone. I welcome all of you to this quarterly investor call. NSE's business and financial performance for the quarter ended December '23, has remained strong and continues to be on a steady trajectory. 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 announce that your exchange continues to remain the world's largest derivatives exchange for the fifth consecutive year in calendar year 2023, in terms of the number of contracts traded. In addition to this, in 2023 NSE ranked third in the world in terms of cash equity segment in terms of number of trades.

Indian capital markets in 2023 witnessed market capitalization of listed companies, surpassing US\$4 trillion and now stands above US\$4.5 trillion, which is an important milestone in the country's journey towards the US\$5 trillion economy. NSE, as a market infrastructure

institution, continues to provide the best-in-class market infrastructure for resource mobilization for the government, as well as the corporates and provides a robust platform for investors to invest in a variety of financial products, thereby supporting the important aspect of capital formation in the country.

The calendar year 2023 also witnessed a significant milestone of MSME companies, surpassing market capitalization of INR1 lakh crores with close to 400 companies listed on NSE's EMERGE platform. 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 for Indian investors to start their growth story and make capital markets more accessible through NSE's EMERGE platform. During the quarter, NSE has also signed a memorandum of understanding with the government of Uttarakhand and the government of West Bengal, to spread awareness amongst MSMEs of the state, regarding fundraising via IPO mechanism using this EMERGE platform.

Calendar year 2023 also witnessed our flagship index Nifty 50, surpassing the 20,000 level for the first time. This marks the eighth year in a row of positive returns for the benchmark Nifty 50 index. The number of unique registered investors on the exchange surpassed 8.5 crores at the end of the calendar year with highest number of new investor registrations of 21.1 lakhs alone in the month of December 2023..

., NSE has witnessed a year-on-year growth in the number of clients traded for the 10th consecutive year, beginning 2014 to 2023 in its equity segment. This quarter also saw record-high turnover on a single day; INR1.67 lakh crores on November 30, 2023, and INR3.81 lakh crores on December 2, 2023, in the equity derivatives segment.

NSE International Exchange at GIFT City, Gandhinagar has also been witnessing a new milestone after launch of GIFT Nifty. GIFT Nifty recorded highest single day trading activity of 5.32 lakh contracts with turnover of USD 22.88 billion and achieved highest open interest of 3.29 lakh contracts worth US\$13.91 billion on January 23, 2024.

This is remarkable. Dual milestone signifies a new era for GIFT Nifty. Trading turnover on NSE has been growing exponentially since the full-scale operation of GIFT NIFTY began and has witnessed a total cumulative volume of over 10.9 million contracts worth \$430.65 billion.

NSE has been awarded as the 'Exchange of the Year' in the Regulation Asia Awards for Excellence 2023. This award recognizes excellence by organizations, that help to ensure the highest compliance standards that are upheld in the financial industry that have shaped the regulatory landscape in the Asia Pacific region.

This award truly reflects work put in by NSE under the guidance of SEBI to make India the safest market in terms of investor protection. These milestones in Indian capital markets reflect Honorable Prime Minister Shri Narendra Modi's vision of Amrit Kaal an empowered and inclusive economy. This vision includes a technology-driven and knowledge-based economy with strong public finances and robust financial sector.

NSE aims to empower common investors with knowledge, toolkit and data for taking informed decisions while investing. NSE follows a digital-first approach while disseminating information to the common investors. Investor awareness campaigns through a combination of electronic print media as well as advertisements in social media is conducted for disseminating information on various investment products, risks and market dynamics.

NSE's outreach programs are geographically spread across all states and union territories. During the quarter, NSE participated in the 42nd India International Trade Fair, 23, with an aim to engage with diverse audiences and provide information and knowledge for investors to take informed decisions regarding their investments. During the nine months of the current financial year, 3,925 investor awareness programs covering 2,32,194 participants were conducted with education institutes, women's groups and general public, government, police officials and others.

Further, with the support from SEBI, in ensuring the seamless implementation of the Investor Risk Reduction Access Platform, NSE, along with other exchanges, has introduced the Investor Risk Reduction Access Platform to trading members across exchanges, with effect from October 3, 2023. NSE, in order to cater to the needs of investors of the securities market, and to facilitate resolution of complaints of investors against listed corporates and entities and other registered intermediaries in the securities market, and to facilitate conducting of investor awareness programs, have opened investor service centers across various states. As on date, there are 42 operational investor service centers across India.

NSE has also established an Investor Protection Fund with the objective of compensating investors in the event of defaulter assets not being sufficient to meet the admitted claims of investors. The corpus of NSE IPFT, as of December 31, 2023, stood at INR1,864 crores.

NSE Clearing Limited continues to play a pivotal role in protecting the interest and safeguard the assets of investors in the securities market. NSE Clearing has received reaffirmation of its credit ratings of Crisil AAA stable from Crisil. Crisil AAA stable rating indicates the highest degree of strength with regards to honoring debt obligations.

NSE Clearing has recently introduced direct clearing through UPI block mechanism by providing investors convenience in ensuring that their funds and securities move out of their accounts only on the instructions of the clearing corporation and to the extent of their obligation. This has been implemented jointly with the exchanges in cash segment effective January 1, 2024. This has put the Indian securities market in the higher orbit of the Indian capital markets tech stack and will instill confidence among investors. We expect this mechanism to become a popular way for retail investors to trade in securities markets.

In terms of the volumes during the quarter, NSE's average daily turnover in cash equity segment stood at INR80,512 crores which grew at a robust 50% over the same period last year. Retail participation in Indian equities in terms of active investors has been rising steadily this year.

NSE saw participation from a monthly average of nearly 11 million retail investors in the quarter ended December '23, higher than over 10 million in the previous quarter ended September '23. NSE's average daily turnover during the quarter in equity index and stock options on premium

value of options stood at INR56,707 crores which increased by 28% over the same period last year. The average daily turnover in equity index and stock futures stood at INR1,31,010 crores which increased by 18% over the same period last year.

NSE's average daily turnover in currency futures during the quarter stood at INR28,811 crores and in currency options premium value stood at INR88 crores per day. This volume over the same period last year declined by 40% and 64% respectively. In commodity derivatives, after receiving necessary approval from SEBI, NSE introduced 13 new commodity derivatives contracts on October 16, 2023, bringing the total number to 28 products in the commodities derivatives segment. With these new products, futures and options on all key commodity products in energy, bullion and base metal category are available on NSE platform.

I shall now come to the financial updates for the quarter ended December '23. During the quarter ended December '23, NSE earned transaction charges revenue of INR2,796 crores, showing a growth of over 18% corresponding to quarter ended December '22.

While the overall volumes in cash equity and equity derivatives grew by 29% of the total, transaction charges grew by 18% mainly due to rollback of increased transaction charges that came into effect from April 2023. NSE's income from listing services that includes listing fees, book building fees and processing fees for the current quarter stood at INR62 crores out of which listing fees Income was INR31 crores.

During the current quarter ended December '23, NSE saw listing of 27 IPOs on its main board, raising capital to the tune of INR25,938 crores. NSE Emerge platform that provides a platform for SMEs to go public and access capital, saw listing of 43 IPOs in this quarter, raising capital to the tune of INR1,354 crores. NSE also witnessed listing of other securities with around 413 commercial papers, including funds of INR1 lakh crore during the quarter ended December '23.

We saw about 77 private placements of NCDs, raising INR1.59 crores and 56 public issues of NCDs, raising INR4,150 crores during the quarter ended December '23.

NSE's treasury income stood at INR297 crores during the quarter ended December '23 as compared to INR220 crores during the quarter ended December '22. The increase is on account of improvement in the yields and higher investable surplus.

NSE's income from data center and connectivity charges was INR227 crores during the quarter ended December '23 as compared to INR161 crores during the quarter ended December 22. This increased on account of additional racks provided by the exchange and connectivity charges.

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

NSE on a stand-alone basis incurred total expense of INR1,620 crores; 50% of these total expenses amounting to INR810 crores are towards SEBI turnover fees, contribution to IPFT and contribution to Core SGF, 23% of these total expenses amounting to INR371 crores are towards clearing and settlement charges paid to our subsidiary company NSE Clearing Limited and Licenses for index paid to our subsidiary company NSE Indices Limited on account of increased

trading activity. 27% of the total expenses amounting to INR439 crores are towards operational expenses like employee costs, technology costs and other administrative expenses. The operational cost reduced by 6% from INR466 crores during quarter ended December '22 to INR439 crores during quarter ended December '23.

As you know, NSE maintains one of the most robust, state-of-the-art and largest trading technology platforms in the world to cater to such high volumes.

NSE needs to periodically invest in technologies. In the quarter ended December '23, the company has spent about INR180 crores towards technology-related operational expenses. In terms of number of trades per day, NSE continues its position as the largest exchange in the world based on available data.

As informed in the investor call held on May 16, 2023, regarding augmentation of the Core Settlement Guarantee Corpus from current level of around INR5,000 crores to INR10,000 crores as desired by SEBI over next few years in a phased manner, the Board of Directors has approved the voluntary contribution at 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 has approved contribution of INR500 crores to the Core SGFin each of the three quarters starting from September '23. Accordingly, during the quarter and nine months ended December 31, 2023, NSE has recognized an expense of INR556 crores and INR1167 crores respectively towards contribution to the Core SGF in the financial results. The total corpus of Core SGF now stands at INR6,913 crores.

NSE's operating revenue on a standalone basis for the quarter increased by 21% from INR2,628 crores during the quarter ended December 2022 to INR3,170 crores during the quarter ended December 2023.

The operating revenue for the current quarter stood at 92% of the total revenue. NSE reported an operating EBITDA margin of 52% for the quarter ended December 23. The net profit after tax excluding subsidiary dividend stood at INR1,377 crores and earnings per share for the quarter on a stand-alone basis was INR27.82 per share. NSE's standalone net worth as at 31st December 2023 stood at INR17,503 crores.

During the nine months of financial year 2024, NSE contributed INR28,131 crores to the Exchequer of which STT comprised of INR23,137 crores, Stamp Duty INR1,456 crores, GST INR1,257 crores, Income Tax INR1,490 crores and SEBI Charges INR791 crores. I shall now cover few aspects of our key subsidiary components.

NSE Clearing continues to play a pivotal role in protecting the interest and safeguard the assets of investors in the securities market. NSE Clearing post interoperability continues to have a robust market share of 93% for clearing and settlement for cash equity, 96% of equity derivatives and 85% for currency derivatives segment. The total revenue of NSE Clearing on a stand-alone basis increased by 85% from INR742 crores during the quarter ended December '22 to INR1,370

crores in the quarter ended December '23 and profit after tax increased by 93% from INR412 crores during the quarter ended December '22 to INR799 crores in quarter ended December '23.

NSE International Exchange post the launch of NSE IFSC-SGX Connect has seen an increase in participation. NSE International Exchange had 67 registered trading members and 50 members enabled for trading.

The total revenue of NSE IFSC on a standalone basis during the quarter ended December 23 stood at INR25 crores and has posted a positive EBITDA of INR7 crores for the quarter ended December '23. Post the commencement of full scale operations of NSE IFSC-SGX Connect in July 23 NSE IFSC has earned a total revenue of INR49 crores and has reported a positive EBITDA of INR10 crores.

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 now INR5.9 lakh crores. Currently there are 271 passive products tracking Nifty indices in India. In international markets there are 16 ETFs, five index funds and two ETNs tracking Nifty indices with a total AUM of ~USD2.4 billion. During the last quarter nine passive products tracking Nifty indices were launched in India. There has been an increase in the interest of launching India based ETFs and index funds by global asset managers. In calendar year 2023 total seven new passive products were launched tracking Nifty indices. As on December 31, 2023 the total AUM across these passive funds was USD692 million.

NSE Data which 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 offering and is a managed service provider to CERSAI for CKYCRR.

As of December 31, 2023 more than 80 crores individual KYC records and more than 1 crores legal entities KYC records have been uploaded on CKYCRR with over 89 crores downloads. Further as of December 31, 2023, 7129 entities were live on CKYCRR of which 606 entities have gone live during the 9 months for the financial year '24.

NSE Group also has its presence in other asset classes including power exchange, receivables exchange and gas exchange.

All these businesses have been performing well. You may note that NSE participated in the offer for sale of Proteon eGov technologies which got listed in November 2023. NSE's stake in Proteon eGov technologies is now 20.4%. The gross total proceeds from the stake sale were INR141 crores and the profit was INR81 crores. As announced in the last call, NSE shall also 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 December '23 includes the performance of our subsidiaries and associate companies.

As I had indicated in my earlier interactions, we are already in the process of moving out of non-core businesses. These non-core businesses include our businesses in education and technology.

Total revenue on a consolidated basis for the quarter ended December '23 increased by 26% from INR3,094 crores to INR3,892 crores. We have further witnessed robust growth from adjacent clearing data and terminal businesses.

The operating revenue during the current quarter was at 90% of the total revenue. The total consolidated revenue comprises 74% from transaction charges, 13% from treasury income, 6% from data center and connectivity charges and 2% from data services, 1% each from listing and index services. The net profit after tax stood at INR1,975 crores which grew by 8% as compared to the corresponding quarter of the previous year.

The earning per share for the quarter ended December '23 was INR39.9 per share. NSE consolidated net worth as at 31<sup>st</sup> December '23 stood at INR22,291 crores.

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 need of the stakeholders.

We remain committed to providing state-of-the-art, low-cost, regulatory compliant market infrastructure with strengthened regulatory and compliance framework, high-end technology and regulatory functions. NSE aims to maintain seamless operations and strengthen core regulatory and compliance activities. With this overview, let me welcome all of 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. First question is from the line of Prayesh Jain from Motilal Oswal. Please go ahead. Prayesh, may I request you to unmute your line and go ahead with the question, please?

**Prayesh Jain:** Yes. Hi, good morning, everyone. Can you hear me now?

**Moderator:** Yes.

**Prayesh Jain:** Yes. So, good morning, everyone. There is a question on this clearing and settlement cost. There is a talk of renewing the charges with the competition. Could you throw some light as to how the charges can be renewed and what is the timeline? What is the nature of this contract? When this can be renewed? How frequently it is renewed? That would be my first question.

**Ashishkumar Chauhan:** Basically, the clearing and settlement charges are on account of the interoperability. When members actually started using the services of both clearing houses charges were defined early on and they continue. Currently, there are no plans to renegotiate such contracts.

**Prayesh Jain:** Okay.

**Moderator:** Sorry to interrupt you, Prayesh, but I will request you to come back for a follow-up question. Thank you. The next question is from the line of Devesh Agarwal from IIFL Securities. Please go ahead.



- Devesh Agarwal:** Good morning, everyone, and thank you for the opportunity. Sir, I wanted to know the update on the co-location case which is there in the Supreme Court. So, what is the update on it?
- Ashishkumar Chauhan:** Co-location cases, some of them were adjudicated by SAT and their orders were passed against which SEBI has gone to Supreme Court. The court has admitted the cases. That is the current status of the cases.
- Devesh Agarwal:** Sir, we were required to repay this INR300 crores that we have received if the case was admitted. Is that the case? Have we paid back that INR300 crores? Or is it still in process?
- Ashishkumar Chauhan:** We have got that back. We have not been told to pay back yet.
- Devesh Agarwal:** That was one of the conditions, right, sir? If the case will get admitted, this INR300 crores has to be repaid to SEBI?
- Ashishkumar Chauhan:** I will tell you this way. Please don't discuss each item. Otherwise, it may take years and years to just complete one transaction. So, currently, there is no such thing.
- Devesh Agarwal:** Okay, sir.
- Moderator:** Thank you. Next question is from the line of Piran Engineer from CLSA. Please go ahead.
- Piran Engineer:** Hi, sir. Congrats on the quarter. Thanks for taking my question. Just one thing. In options, our volumes are up but our premiums are down. Any color you can share on this? And this decline in premium, has it come mostly from the retail segment or high-frequency traders?
- Ashishkumar Chauhan:** Broadly speaking, our premiums are similar compared to our volumes. You might be mixing up NSE with some other exchange. But currently, we have not seen too much of a difference. Our realization has gone down because we have reduced the transaction charges last year, starting April 1, 2023, by 6%. That's why the realization per contract has gone down.
- Moderator:** Thank you. Next question is from the line of Jayant from Jefferies India. Please go ahead.
- Jayant:** Thank you. Good morning and thank you for the opportunity. I wanted to understand the co-location piece, the data center and connectivity charges. If you could explain to us, what are the key drivers for connectivity charges in terms of number of trades, premium, or the volumes? And also, the plans over here for the next two-three years?
- Ashishkumar Chauhan:** We have basically a framework by which, depending on the size of the data pipe that the broker takes from us, they pay us connectivity charges. Although there were demands to increase the pipe size because some of the brokers were finding it difficult to put in 50 pipes or 20 pipes into us. So, we have also now expanded the number of messages they can send us per pipe to reduce their hardware and other requirements.
- And that has also been received well. But broadly speaking, the need for the data and the pipe has gone up. And that's where basically we are receiving more money for connectivity charges. In the meantime, because the demand is more, we are also creating more and more data centers

within our building to ensure that the demand is met as much as we can. We are currently expanding the data center space, which can be potentially created in the current NSE building.

We are in the process of creating RFP after taking every necessary approval to take the entire data center, which is currently in the NSE building, to another site in Mumbai or near Mumbai. So, that process is currently on. But for the foreseeable future, till the time we shift our data center, we will continue to provide as much space for co-location and as much data pipes to as many brokers, retail, or otherwise, that they require for connecting to us.

**Moderator:** Thank you. Next question is from Devansh Nigotia from Safe Enterprises. Please, go ahead.

**Devansh Nigotia:** Yes, thanks for the opportunity. So, just two questions. One is in the SGF, you mentioned that current contribution is INR6,900 crores, which is expected to go up to INR10,000 crores. So, remaining provision, how will they flow through in our P&L? And another is that there was a recent news flow regarding some technical glitches and failures. For one year, there will be a check on the security, based on which, after which we can go for the IPO.

So, any update you can share on that as well? Does that mean that the IPO will happen at least one year from now? So, just some thoughts if you can share over there.

**Ashishkumar Chauhan:** Yes, on the IPO side, we do not have any information. Probably, the media will publish more information. We have not received any such information. We do not know when SEBI will be giving us the signal to go for IPO. So, currently, we have no update to give you on that. On the SGF side; it basically earns money out of three things.

One is the interest earned on the corpus they have. Secondly, a fixed % of transaction charges are contributed by the exchange and third is additional contribution made by the exchange besides the contribution by Clearing Contribution

So, put together, already they have reached almost INR7,000 crores. So, only INR3,000 crores are remaining. Over the next few years, it should be getting over.

**Moderator:** Thank you. Next question is from the line of Vinit and the Individual Investor. Please go ahead.

**Vinit:** Hi, good morning. Can you hear me well? Hi, good morning. Can you hear me well?

**Ashishkumar Chauhan:** Yes.

**Vinit:** So, I would like more colour on the SGF, which was just asked before. So, what is the timeframe for this INR3,000 crores to be contributed? And how should we understand next years in terms of the individual years and the development? And my second question again is a follow-up of the IPO. What exactly is to be proved to be done by NSE, which is then conditional to the IPO approval from SEBI?

**Ashishkumar Chauhan:** So, in terms of IPO, as I said, we do not know the conditions, nor we need to prove anything as of now. So, whenever SEBI tells us, we will sort of inform the market about what happens there. But the SGF side, as and when INR10,000 crores are completed, that is where it will get over.

- Moderator:** Thank you. Next question is from the line of Abhijit from Kotak Securities. Please go ahead.
- Abhijit:** Good morning, sir. The question is on the regulatory fees that we book on the P&L. Can you tell us how much is volume linked versus sporadic or one-off? And which part of the segment drives most of this? Is it the derivatives or the cash part? Thank you.
- Yatrik Vin:** So, the entire regulatory fees to SEBI is a) volume linked. And the large part of the regulatory fee that we pay emanates out of the options. Because it is on the notional and therefore the amount is high.
- Moderator:** Thank you. Next question is from the line of Paras from AU Small Finance Bank. Please go ahead.
- Paras:** Hello. Can you hear me?
- Moderator:** Yes.
- Paras:** Hi, sir. Thanks for the opportunity. Just wanted one question on the operational side. What we have seen is that the transfer of shares takes a lot of time, approximately four to five months. Can we forward to improve on the operational aspect? Because it takes a lot of time and we have to wait as a shareholder for a long period of time.
- Ashishkumar Chauhan:** I'll tell you a technical answer on this. But because we are not listed, our process of transferring shares is very different from other listed exchanges. We have to do due diligence about the fit and properness of every potential shareholder who sends us the request for transfer and that takes time. And then some processes have to be done at the depository end and the RTA end. Broadly speaking, there are some cases which have still lasted for a longer time. But broadly, more than 80%-85% of all cases get completed within 10 days.
- And some cases where some of your intermediaries might have promised you that they will send documents to the exchange for transfer, sometimes they have not and you keep on getting that feedback that it has been sent. And so, the ball is passed on to the exchange for whatever are the delays on their side.
- So, you might like to check with your intermediaries also about exact details. You might like to control the process yourself. And if you have any issue and if you want to ask any question, you can write to [rgupte@nse.co.in](mailto:rgupte@nse.co.in). He is the Company Secretary.
- He will ensure that all your queries are resolved and your transfer is expedited.
- Moderator:** Thank you. Next question is from the line of Sourabh Bansal from STAR Finvest. Please go ahead.
- Sourabh Bansal:** Good morning, sir. Thank you for the opportunity and taking the question. So, my question is regarding the NCL side. So, sir, there has been a disclosure given by NCL where they are saying that the authorized share capital of the company has been increased from INR45 crores to INR5000 crores and that the SEBI approval has come through. So, sir, I wanted just to understand that is it a precursor to any corporate action in NCL?

And also, if a similar thought is being given to NSE considering that we only have a capital base of INR49.5 crores. So, is there a plan to capitalize on NSE as well? So, sir, these two questions, please. Thank you.

**Ashishkumar Chauhan:** So, NSE side, currently there are no plans. On the NCL side, since the SEBI insisted on making SGF into a INR10,000 crores corpus, some portion of it has to come from the equity capital of the NCL. And that is why in the last year, that is the last full financial year, March 31, '23, the board of directors of NSE approved contribution of INR1400 crores rupees to NCL as equity.

And that is why the NCL's authorized capital had to increase. That is basically the purpose with which it was done. So, as and when more money goes to SGF, some portion has to go from there.

**Sourabh Bansal:** All right, sir. Sorry, sir, I just did not get the total amount which has been transferred as equity capital to NCL. So, what is the amount that you are saying?

**Ashishkumar Chauhan:** INR1,400 crores.

**Moderator:** Thank you. Next question is from the line of Shrinivas Aiyer from Rockfort Consultant. Please go ahead.

**Shrinivas Aiyer:** Sir, NSE India's share price has gone up significantly. Now, as a result, small investors are finding it difficult to purchase. So, can you issue bonuses liberally for that...?

**Moderator:** Sorry, your audio is not clear.

**Shrinivas Aiyer:** Hello? Yes. Sir, NSE India's share price has gone up significantly. As a result, small investors are not able to purchase any shares. So, can you issue bonuses so that the share price can come down and investors are able to buy?

**Management:** It is a good suggestion. We will take it up with our Board.

**Moderator:** Thank you. Next question is from the line of Maneesh Walia, an individual investor. Please go ahead. Manish, may I request you to unmute your line and go ahead with the question, please? Due to no response, we will move on to the next participant. Next question is from the line of Kshitij Saraf from Tusk Investments. Please, go ahead.

**Kshitij Saraf:** Hi. Good morning. Thank you for taking my call.

**Moderator:** Kshitij, sorry to interrupt you. There is a lot of disturbance.

**Kshitij Saraf:** Is it better now? I want to know how you are thinking about new products right now. There have been new commodity options introduced. We see the volumes have picked up, but there hasn't been an exponential sort of an uptick as compared to the equity derivatives. I just wanted to get a sense of where the next leg of revenue growth for the company is expected to come from. What are the segments you are looking at right now?

**Ashishkumar Chauhan:** Commodities are now doing around 50,000 lots a day, give or take a few, which is a significant improvement from the previous quarter of close to zero. So, 53,000 was the number yesterday. So, effectively, all the details are available on the Exchange website on a real-time basis as well as on a daily basis. So, you might like to try that.

**Moderator:** Thank you. Next question is from the line of Cyrus Patel from Patel Brothers. Please go ahead.

**Cyrus Patel:** Sir, when transactions take place, when shares are purchased and sold of NSE, there is no transparency as per the price and the quantity. Is it possible to provide this?

**Ashishkumar Chauhan:** It is basically an unlisted company. That is why you are feeling that way. Once as and when the listing is allowed and the listing happens, then you will have more transparency. The prices of transactions are given on the website of NSE on a monthly basis.

**Moderator:** Thank you. The next question is from the line of Shravan from Avendus Capital. Please go ahead.

**Shravan:** Sir, how many times has SGF been used so far and what is the quantum that is used?

**Vikram Kothari:** SGF has been used only once. In the last 10 years, it has not been used.

**Moderator:** Sorry, your audio is not clear.

**Vikram Kothari:** In the last 10 years, it has not been used at all. It has been used only once in the past, somewhere around 2013, in one of the cases where it was used to the tune of about INR100 crores.

**Ashishkumar Chauhan:** So, to the tune of INR100 crores rupees in 2013, it was used. It is like a safety mechanism not to be used every day. The more safety situation you have, the more volumes you are able to handle.

**Moderator:** Thank you. Next question is from the line of Khushik, an individual investor. Please go ahead.

**Khushik:** Thanks for allowing the questions. The first question is, what is the size of the IPF? You mentioned the size of the IPF was INR10,000 crores. How much has been contributed till now? That is the first question. The second is, given that there is uncertainty on the IPO, will the Board of NSE and you yourself consider giving a higher dividend to the shareholders to reward them? Because it has been a while that the IPO has been in limbo for almost seven years now. So, these are the two questions that I have. Thanks.

**Ashishkumar Chauhan:** So, I think you are mixing up with IPF and SGF. There is something called the Investor Protection Fund, which is now INR1,800 crores. And SGF, which is around INR7,000 crores, INR6,900 plus crores. SGF has to go to INR10,000 crores as per the desires of the SEBI. So that will happen over some period. IPF is continually increasing.

Again, IPF is to protect the small investors up to INR25 lakh when the brokers default on them. SGF is for the clearing house protection when the broker defaults on them. So, these are for two different purposes. The higher dividend is a good suggestion. Last year, you might have seen our dividend has increased in terms of percentage and value. And it will continue to happen. The

Board is acutely aware of the needs and also how to do it. So, it is a good suggestion and we will continue to take it up with the Board.

**Moderator:** Thank you. Next question is from the line of Raj Mohan, individual investor. Please go ahead.

**Raj Mohan:** Thank you for the opportunity and congratulations on a good set of numbers. As reported in the public space, the NSE co-location case hearing has been scheduled for March 2024, the Supreme Court hearing. Is this correct information?

**Ashishkumar Chauhan:** I would request you to continue to check because the hearing also gets extended and adjourned at times,. So you might like to continue to go through public information on this.

**Raj Mohan:** Thank you.

**Moderator:** Thank you. Next question is from the line of Rajbala, Homemaker. Please go ahead.

**Rajbala:** Sir, good morning. Thanks for giving me a chance to ask a question. Sir, in the F&O segment, NSE is losing market share. Rival is increasing market share. Is there any problem or is it not a big issue?

**Ashishkumar Chauhan:** **When** market share of a company which is like 100%, any new corporation will have a dent on that and that will continue. It is a normal market process. And NSE's volumes have increased. And so, you have to understand this that as and when more players come, there is a perception across the world that more volumes actually happen on all the entities and that is where you might be happy that the number of contracts and equities traded on is actually increasing.

**Moderator:** Thank you. Next follow-up question is from the line of Devansh from Safe Enterprises. Please go ahead.

**Devansh:** So, the 10,000 crores SGF is based on our current scale of business. Is that the right understanding? And as the business grows, the expected SGF contribution will also increase. And with respect to that, since you mentioned that a significant part is towards the options, so how should one model it? Did you mention 2% of transaction charges should be SGF? Just a clarification on that as well.

**Ashishkumar Chauhan:** Yes, so your assumption is correct that as and when the volumes and the open interest increase, there is going to be increase of SGF going forward also. In terms of the specific percentages, I will request CFO to take that up.

**Yatrik Vin:** Yes, 2% of transaction charges are contributed to core SGF. In addition to what we contribute on each quarter basis to ramp up the overall corpus to INR10,000 crores. But as MD mentioned that as the activities will grow, that INR10,000 crores also will have to be relooked at.

**Moderator:** Thank you. Next follow-up question is from the line of Khushik, individual investor. Please go ahead.

**Khushik:** Thanks again for letting me ask this question. First of all, I would like to congratulate you on making the process of transfer of shares more transparent. But I think as all the other investors

also alluded to this, if there is a way that you can make it better as a fact, what I am trying to say is that you said it is an end-of-day process.

Is it possible that on the NSE website, who is taking care of it, that they should put it on the website on what the status is? Because today a lot of the individual investors and retail investors are facing issues in buying the shares because the broker is not transparent. However, can NSE resolve this issue?

At least telling them when the shares have been received and so on. To the extent that NSE can relieve the pain of small investors. That is the first question. And the second is on the IPF that you mentioned earlier. Is there a limit on that? Is that something which is separated by the SEBI? Is it an evolving limit and so on? So these are the two questions that I have.

**Ashishkumar Chauhan:** I did not understand the second question. But your suggestion is valid to make it more transparent. We will try to automate the process as much as possible. This is like a single company having so much work. Usually, all these things are done by the depositories and exchanges. In this case, it is not only depositories are not involved, exchanges are not involved, but we have to also certify each person as a fit and proper. And that is time consuming, costly and still we have to do it.

We will try to automate as much as possible. Already we have brought down the average time taken, median time taken from a few months to a few days now. And we will continue to do that. But every investor is also requested to keep track of their own transactions rather than thinking that somebody else will do it and somebody else may not have done it. But they may keep on saying that it is NSE's problem.

So be aware, be responsible for your areas. And if you have any issue, write to [rgupte@nse.co.in](mailto:rgupte@nse.co.in). He is the company secretary, the highest authority in the company who is going to look into this.

**Moderator:** Thank you. Next question is from the line of Karan Mehta from Nirzar Securities. Please go ahead.

**Karan Mehta:** Thank you, sir, for the opportunity. I just have two questions. Firstly, what is the YOY and month-on-month growth in Nifty and Bank Nifty options? Yes, that is number one. And secondly, what is the turnover in options for longer-dated options like more than one week expiry options? Hello?

**Moderator:** One moment.

**Ashishkumar Chauhan:** We are checking out. Start our next question. We are preparing the answers, checking out the details.

**Moderator:** Thank you. Next follow-up question is from the line of Prayesh Jain from Motilal Oswal. Please go ahead. Prayesh, may I request you to unmute your line and go ahead with your question, please?

**Prayesh Jain:** Yes. Firstly, a follow-up on the SGF. Just a clarification. This INR500 crores will be contributed in Q4 as well. And my second question is, you know, there is talk about our volumes on the options side, whether in notional turnover or premium turnover. And when we compare it with cash turnover is highest globally by far.

So is there anything that the regulator might do to restrict this activity or any thoughts around this as to, you know, if the activity could be restricted in any some form? Or is there any risk that is building in the system that you are observing and you would also want to be cognizant of the fact that the risk is increasing? Those would be my two questions.

**Ashishkumar Chauhan:** The risks are well under control. Regulators' thoughts are always in public domain. They reach you as fast as they reach us. So you would be also advised to look at those thoughts and see how that may affect us. In terms of the volumes, number of trades wise, NSE remains the largest exchange in the world by miles. And on the Q4 SGF, yes, INR500 crores will be contributed till the time we reach INR10,000 crores SGF.

**Moderator:** Thank you. Next question is from the line of Deepak Ajmera from IGE India. Please go ahead.

**Deepak Ajmera:** Good morning, sir. Lots of liquidity is there in the index, whether it is Nifty or Bank Nifty. But on individual stocks, liquidity is too less. So can we have weekly expiry instead of monthly expiry on the individual stocks also? Thank you.

**Ashishkumar Chauhan:** Currently, whatever approvals have been received from SEBI, we have offered those products. As and when those suggested products by you are to be considered, we will apply to SEBI and we will see how SEBI looks at it. In case they give approval, we will try to launch. So now we have some answer for the earlier question and I think it is close to 11 o'clock. So probably we can take one more question after this.

**Yatrik Vin:** Going back to Mr. Karan Mehta's question about month-on-month growth on the options. So Nifty options, the average month-on-month growth is 11%. And Bank Nifty, the average monthly growth is 6%. It is from April to December. And on Bank Nifty, the increase is almost as high in some of the months as 37%. And in Nifty, it is 39%. And year-on-year, it is 16%.

**Moderator:** Thank you very much. Ladies and gentlemen, we will take that as the last question. I will now hand the conference over to the management for closing comments.

**Yatrik Vin:** Thank you. Indeed, it is a great pleasure and privilege to interact with all of you. And with this, we come to the close of this quarter's earnings call.

Please remain in touch in case you need any further information data from us. And on behalf of NSE, we are extremely thankful to all of you for participating in this call. Thank you so much.

**Ashishkumar Chauhan:** Thank you.

**Moderator:** Thank you very much. On behalf of NSE, that concludes this conference. Thank you for joining us. And you may now disconnect your lines. Thank you.