



“National Stock Exchange of India Limited
Investor Conference Call”

November 07, 2022



**MANAGEMENT: SHRI. ASHISHKUMAR CHAUHAN – MD & CEO, NSE
MR. YATRIK VIN – GROUP CFO & HEAD (CORPORATE
AFFAIRS), NSE
MS. PRIYA SUBBARAMAN – CHIEF REGULATORY
OFFICER, NSE
MR. SHIV KUMAR BHASIN – CHIEF TECHNOLOGY
OFFICER, INFRASTRUCTURE, NSE MR. MAYUR
SINDHWAD – HEAD TECHNOLOGY OPERATIONS, NSE
MR. VIRAL MODY – HEAD TECHNOLOGY,
APPLICATIONS & DEVELOPMENT, NSE
MR. MUKESH AGARWAL – MD & CEO, INDICES AND
DATA BUSINESS, NSE
MR. VIKRAM KOTHARI – MD, NSE CLEARING**

Moderator: Ladies and gentlemen good day and welcome to the Investor Conference Call of National Stock Exchange of India. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing ‘*’ then ‘0’ 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) of NSE. Thank you and over to you sir.

Yatrik Vin: Thank you and good afternoon to everyone and welcome to NSE's Investor Call to discuss the financial results of second quarter of FY23 along with other business updates. Please note that the conference is being recorded and a transcript of the same will be available on our website. The Financial Results and Investor Presentation are also available on our website.

Joining us today on this earnings call is NSE’s Leadership Team consisting of Shri Ashishkumar Chauhan, our MD and CEO, Ms. Priya Subbaraman – Chief Regulatory Officer, NSE, Mr. Shiv Kumar Bhasin – Chief Technology Officer on the infrastructure side, we have Mr. Mayur Sindhwad, who is Head (Technology Operations). We have Mr. Viral Mody, who is Head Technology, Applications and Development, Mr. Mukesh Agarwal, who is the MD and CEO of our Indices and Data business, Mr. Vikram Kothari, who is the MD of NSE Clearing. Along with us we also have other colleagues from the Group Investment and Investor Relations Team. Over to you sir.

Ashishkumar Chauhan: Thank you Mr. Vin. Good afternoon and thanks for joining for the first ever quarterly investor call of NSE today. We hope to do this call every quarter going forward after publishing the results of the Company. I'm happy to inform you that the NSE’s business and financial performance for the quarter ending September 2022 has remained robust. Our exchange has maintained its leadership across asset classes in domestic as well as global markets. NSE continues to be the largest derivative exchange in the world based on number of contracts traded and is the third largest exchange globally in terms of number of trades in the capital market segment. If we add up both equity and derivatives, your exchange is the largest exchange in the world in terms of all contracts or all trades put together.

The financial result of the Company continues to remain robust for the quarter ending September 30th, 2022 and its total revenue on a standalone basis, excluding the dividend from subsidiary companies, for the quarter increased by 66% from Rs. 1,763 crores to Rs. 2,928 crores as compared to the corresponding quarter of the previous year. Operating revenue during the current quarter continued to remain at 94% of the total revenue as it was in the corresponding quarter of the previous year. The net profit after tax, excluding the dividend from subsidiary companies, for the quarter also grew by 65% from Rs. 925 crores to Rs. 1,535 crores as compared to the corresponding quarter of the previous year.

NSE’s average daily turnover in cash equity segment stood at Rs. 55,454 crores which is a reduction of around 14% from average daily turnover of Rs. 64,754 crores during the quarter

ending September, 2021. This reduction is not only seen in Indian markets but is seen globally on account of hardening of positions on the geopolitical front, worsening of Russia Ukraine war unconducive global economic environment mainly marred by inflationary pressures and aggressive monetary tightening that has posed challenges for economies worldwide. NSE continues to maintain its market share in the range of 92% to 94% by having a market share of 93% for its first half of the current financial year.

NSE's average daily turnover in Equity Index and Stock Futures increased by 9% from Rs. 1,08,506 crores during quarter ended September 2021 to Rs. 1,18,539 crores during quarter ended September 2022. NSE's average daily turnover in equity index and stock options on premium value of options traded increased by 114% from Rs. 21,338 crores during quarter ended September, 2021 to Rs. 45,744 crores during quarter ended September, 2022. NSE continues to remain the most preferred destination for equity derivatives market in India with market share of almost 100%.

NSE's average daily turnover in currency futures increased by 60% from Rs. 21,893 crores during the quarter ended September 2021 to Rs. 34,921 crores during quarter ended September 2022. NSE's average daily turnover in Currency Options on premium value of options traded increased by 91% from Rs. 64 crores during quarter ended September 2021 to Rs. 123 crores during quarter ended September 2022. NSE continues to be the market leader with a market share of 69% and 96% in currency futures and currency options respectively. Alternatively, from an open interest perspective, the market share of NSE in currency futures and currency options is 86% and 98% respectively .

These volumes in cash equity segment, equity derivatives segment, currency derivatives segment and other products like debt, interest rate futures earned NSE the transaction charges revenue of Rs. 2,530 crores for the quarter ending September 2022. This increased by 73% from transaction charges revenue of Rs. 1,460 crores for the corresponding quarter of the previous year.

In line with the increase in its transaction charges revenue NSE also saw an increase in its revenue from Co-location charges. Co-location charges revenue for the quarter ending September 2022 stood at Rs.150 crores which increased by almost 50% from Rs.101 crores for the quarter ending September 2021. This colocation charges of Rs.150 crores includes rack rental charges of Rs. 23 crores and Rs.127 on account of connectivity charges.

NSE's income from listing services which includes listing fees, book building fees and processing fees for the current quarter stood at Rs. 38 crores. This includes listing fee income of Rs.26 crores which increased by 9% from Rs. 24 crores in the corresponding quarter of the previous year. During the current quarter ending September 2022 NSE saw a listing of four IPOs on its main board raising funds to the tune of Rs.7,119 crores. NSE's Emerge platform which provides capital raising opportunities to large number of entrepreneurs participating in the "India growth story" and having potential to unlock value and emerge on a bigger stage saw a listing

of 18 IPOs raising funds to the tune of Rs.296 crores. The market capitalization of NSE Emerge platform as at September 2022 is around Rs. 46,000 crores. NSE also witnessed listing of other issuances like 460 commercial papers raising funds of Rs. 1.92 lacs crores and 95 issuances on its Electronic Bidding Platform raising funds to the tune of Rs.97,275 crores during the quarter ending September 2022.

NSE's treasury income increased by 47% from Rs.115 crores during the quarter ending September 2021 to Rs.169 crores during the quarter ending September 2022. This has mainly increased on account of the increased corpus and increase in the yields especially on a shorter end side due to aggressive rate hikes by global central banks to tame inflation.

Further, NSE continues to remain focused on its cost which is a key to any platform business to bring in the maximum operating leverage. The total expenses of the Company increased by 31% from Rs. 527 crores in September 2021 to Rs. 691 crores for the quarter ended September 2022. The increase in expenses is mainly on account of increased trading activity which led to increase in clearing and settlement charges paid to our subsidiary Company NSE Clearing Limited, license fees for Index paid to our subsidiary Company NSE Indices Limited and SEBI regulatory fees as well as investor SMS services. If these variable expenses linked to volumes are excluded, the total expenses of the company increased by 9% from Rs. 340 crores for the quarter ended September 2021 to Rs. 372 crores for the current quarter September 2022. We run one of the largest technology enabled platform for the markets and with the kind of market share, the volumes that we actually cater to and the kind of resiliency and robustness that we need to have for our technology enabled platform, technology is one area we need to continue to keep investing in, and therefore in the current quarter the company has spent about Rs.148 crores towards technology related operational expenses and depreciation.

In terms of profitability for the quarter ended September 2022, excluding the income from subsidiary dividend, our EBITDA margin improved from 73% for the quarter ended September 2021 to 79% for the current quarter ending September 2022. Similarly, PBT margin improved from 70% for the quarter ending September 2021 to 76% for the quarter ending September 2022. NSE's standalone net worth as of September 2022 stood at Rs. 13,293 crores.

I shall now cover few aspects of our key subsidiary companies; NSE Clearing Limited, post interoperability, continues to have a robust market share of 92% for clearing and settlement for cash equity segment, 95% for equity derivatives segment and 84% for currency derivatives segment.

NSE Indices, one of the core entities of NSE, that owns the flagship indices like NIFTY 50 and Bank NIFTY has been doing extremely well. Total AUM of ETFs and Index funds in India tracking NIFTY indices is Rs. 4.1 lakh crores. Currently, there are 188 passive products (ETFs and Index funds) tracking NIFTY Indices in India. 18 passive products tracking NIFTY Indices were launched in the current quarter. Also, there are 13 ETFs listed internationally tracking NSE Indices.

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. It has further augmented its offerings and is also a CERSAI registered CKYC service provider. As at September 2022, more than 62 crore individual KYC records and more than 34 lakh legal entity KYC records have been uploaded on CKYC with over 43 crore downloads in the first half of the current financial year. Further, as on September 2022, 6,036 entities were live on CKYC, out of which 383 entities went live during the first half of the current financial year.

NSE IFSC Limited, a wholly owned subsidiary of NSE at GIFT City Gandhinagar, undertook a series of measures in the previous financial year to enhance product offering, improve liquidity, widen participation and strengthen risk management. It also introduced trading in foreign stocks through unsponsored depository receipts on the NSE IFSC, that would allow retail investors to transact in global stocks in an easy and convenient manner. NSE IFSC-SGX Connect, the foundation of which was laid in August 2019 through collaboration between NSE and SGX to bring together international and GIFT City participants to widen liquidity pool for Nifty products, was launched by the Honorable Prime Minister Shri. Narendra Modiji on July 29, 2022 which will further strengthen the capital market offerings of GIFT City platform.

NSE has also invested 20% in equity of India International Bullion Holding IFSC Limited for setting up and operationalizing the International Bullion Exchange IFSC Limited which was also launched by the Honorable Prime Minister on July 29, 2022.

NSE Group also has its presence in other asset classes including Power Exchange, Receivable Exchange (trades platform regulated by RBI), Gas Exchange and Bullion Exchange. NSE is committed to these new areas and is constantly working with partners for growth of these platforms.

NSE Group financials as at September 2022 includes the performance of our 16 subsidiaries and 9 associates. NSE Group total revenue on a consolidated basis for the quarter ending September 2022 increased by 62% from Rs. 2,082 crores to Rs. 3,372 crores as compared to the corresponding quarter of the previous year. Apart from the revenues from the main exchange business, we have witnessed robust growth from index and data terminal. Operating revenue during the current quarter continued to remain at 94% of the total revenue as it was in the corresponding quarter of the previous year.

In terms of profitability for the quarter ending September 22 EBITDA margin improved from 74% for the quarter ending September 2021 to 79% for the quarter ending September 2022. Similarly, PBT margins improved from 70% for the quarter ending September 2021 to 76% for the quarter ending September 2022 and PAT margin stood at 53% for the quarter ending September 2022. NSE Group Earnings per share for the quarter ending September 22 is Rs. 35.83 per share. NSE Group's net worth as of September 2022 stood at Rs. 16,766 crores.

As I mentioned, currently NSE Group has its interest spread across various lines of businesses in addition to its core business of providing robust, efficient, innovative and safe marketplace with well-regulated framework. Also, there are some of the businesses such as index business, data and analytics business and such other similar business areas in the overall capital market ecosystem which are adjacent to our core business. On the other hand, over a period of time some other business areas got added to our overall activities, which in a way are not adjacent to our core businesses and can be term as a non-core business areas.

As you may agree, with the innate potential of Indian economy being significantly strong; going forward the Indian capital markets will have significant opportunities for growth and development. NSE has a significant role to play in this journey. Needless to say, this would require significant focus, relentless efforts, resource commitment and innovation. The another interesting data point is that currently these non-core businesses areas contribute around 6% to the total NSE Group revenue and around 1% to its profits. Given this context and acknowledging that there are significant opportunities for our mainstay core businesses to grow, it is being contemplated to move away from these non-core business areas appropriately. Further, in the next few years NSE will focus on:

- 1) Consolidating and strengthening its IT system capabilities;
- 2) Consolidating and strengthening its core regulatory and compliance activities;
- 3) Strengthening all operational areas to build robust and efficient marketplace for seamless delivery;
- 4) Focusing on core activities and move away from noncore activities appropriately;
- 5) Improving the talent pipeline and create excellence in management and bandwidth in every area, with best-in-class succession planning at each level;
- 6) Launching new products that are either allowed or expected to be approved by the regulators in its core or adjacent domain, such as gold receipt, bond index futures, electricity futures, IFSC Exchange, etc.
- 7) Become more responsive to the changing market conditions and needs of its stakeholders.

Most importantly,

- 8) Continue to provide world class, lowest cost, uninterrupted, highly regulated yet fully compliant, orderly trading clearing and settlement systems as well as market places that continues to meet the expectations of the rapidly growing and highly aspiring nation that is India and at the same time remain fully compliant to all rules and regulations in letter and spirit.

With this overview let me welcome all of you once again and invite you for the questions 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 Mohit Kumar from Dam Capital.

Mohit Kumar: My first question is can you please help us in the things we want to do at NSE, let's say introducing new products or adding more clients or whatever over next few years to build on the growth momentum?

Ashishkumar Chauhan: As I mentioned, basically we are a highly regulated entity, and we can trade only in products which are allowed by the Regulators. We continue to explore adding new products to our indexes. You might have seen the progress on FINNIFTY which expires on Tuesdays and that would be what I call an incremental innovation where we just take existing products but add a few more flavors and play around with little bit in terms of days of expiry and things like that. There are larger, newer opportunities in spot gold, electronic receipts, electricity futures, bond futures, bond index futures, IFSC and so, there are many other new opportunities that might open up under SEBI's jurisdiction which as the leading exchange in India, we would want to participate wholeheartedly and become market leaders like we have always been. In terms of the number of people connecting to our markets, our members have been increasing the number of accounts that come on the UCC, which we call unique client codes. That has already gone above 11 crores totally over a period and the last 2.5 years it has gone up almost more than 200% and that would continue to increase because of the way the ease of doing KYC has happened through video and otherwise. So, we'll continue to expand in terms of the reach of NSE across India but also into newer products going forward.

Moderator: We will take the next question from the line of Prayesh Jain from Motilal Oswal.

Prayesh Jain: Just a couple of questions. Firstly, just a clarification on the income tax rate which was at much higher level at 31% in this quarter. What was the reason and what do we expect for the full year? The second question is on the new product. Again, whether we plan to launch further add any more indices to weekly expiry or any other products that can provide the similar volume to what we've seen in the past?

Ashishkumar Chauhan: In terms of new products, we'll continue to explore what is possible and of course engage with the Regulators on what they will allow us. In terms of the tax rate, I will let our CFO talk about it.

Yatrik Vin: The effective tax rate across the group entity is 25% but this quarter it is 31% because we received the subsidiary dividend and which as per income tax act is not allowed and that's why the percentage looks higher for this quarter. Over the years' time, it will normalize but otherwise across NSE and group entities, the effective tax rate is about 25%.

Moderator: We will take the next question from the line of Hansal Thacker from Lalkar Securities.

Hansal Thacker: My question relates to point #5 of the consolidated results, where you mentioned that with respect to our transfer to the core SGF requirement, we have transferred about 25% of the net profit towards that core SGF requirement. If you can throw some light on this particular mechanism, just so we understand it and whether this will be in perpetuity is the first question?

Ashishkumar Chauhan: There is a regulation that exists to this effect and it affects the clearing corporation and its profits. So, basically if there is a shortfall then NSE will have to pay for it, so there is a regulation. Offline we will try to point you through the SEBI Regulation in this regard. So, and when it is applicable to exchange also and if we might have to bump up the capital available in the settlement guarantee fund, we will have to do that. But I think this is more technical and also requires, it depends on what type of open interest there is, what type of business with the clearing corporation level and it's a complex situation. I would rather send you an URL of SEBI to look at going forward. Hope this satisfies.

Hansal Thacker: It reflects on the segment assets of the Company. I saw the regulation while I could not find the second circular which you have enlisted in the note. But I will get back to with the IR team to get that. With the same query if you could kind of throw some light on the IEPF mechanism also, that we recognize the transfers to the investment, the investor protection fund on the balance sheet. So, essentially for us that's a balance sheet item, it's not a P&L item?

Yatrik Vin: So, far as the IEPF corpus is concerned, there is a SEBI prescription as to what should be the overall IEPF corpus. Currently, as of September the IEPF corpus is slightly northwards of Rs. 1,550 crores and currently we are expected to maintain the level at Rs. 1,500 crores and therefore in one sense we are well capitalized and moving forward the way investor claims are coming. We don't expect any major provisioning and debit to P&L right now at least in the current financial year.

Ashishkumar Chauhan: But because you said P&L, it means it's not a balance sheet item, it's an expense item and as and when we need to pass on or transfer some funds from NSE to IEPF and there is a specific formula to that effect also by SEBI.

Moderator: We will take the next question from the line of Samir Palod from Aum Fund Advisors.

Samir Palod: I have a slightly macro level question and if you can just help us, given the immense profitability of the platform, is there any move on the government or any of the regulators for capping or reducing pricing given how profitable this platform has become, especially on the transaction-based charges? Any sort of feel that you can give us whether that's happening is a possibility or if you don't think so then why not?

Ashishkumar Chauhan: Currently, we are not aware of any such movement in any direction but if you are aware probably you can tell us later after this call is over. There is also another set of past court cases especially in competition commission where exactly opposite was argued on the pricing and all. So, there are more complexities than one thinks and all these pricing issues and it remains to be seen how it can be moved forward. But currently, we don't see or we have not heard of any such thing or any such demand.

Moderator: Next question is on the line of Piran Engineer from CLSA.

Piran Engineer: In the last 2-3 years of COVID, while cash volumes have been largely stagnant, derivative volumes have gone up 7x-8x. A few months back SEBI has also constituted a committee to understand why retail investors are participating so much more. So, any color from your end on the same, either on the outcomes or what you're reading into why F&O volumes are up so much?

Ashishkumar Chauhan: Basically, we provide the most efficient transaction processing platform for all instruments that are allowed. As and when the regulatory framework changes, we'll continue to comply with that. Other than that, your guess is as good as mine. The number of investors have increased and that could be one of the reasons. The fact is the options volumes have increased more in proportion and we would continue to ask all of you to give us your flavor on why this has happened.

Piran Engineer: Just secondly regarding your cost structure, we understand that clearing and settlement costs for you are variable, can you give us some flavor on what those costs are across cash and F&O trades for you all?

Yatrik Vin: Right observation is that clearing and settlement charge is what is linked to the overall transaction charges and this is the revenue sharing that we do with our 100% subsidiary that is Clearing Corporation. Broadly, if you look at the transaction charges break-up, close to about 75%+ of our succession charges come from F&O and remaining about 20% comes from cash equity segment and around 5% or so comes from currency and other products. Our clearing and settlement charge sharing would also broadly follow the similar mix.

Moderator: We will take the next question from the line of Rikin Shah from Credit Suisse.

Rikin Shah: My question is slightly more from a medium to longer term perspective, of course there is a far more reliance on the transaction revenue in the overall revenue pool. But is there any aspiration over a longer term wherein one would think of diversifying and becoming a bit more like a multi asset exchange across different asset classes? For instance, even within the currency derivatives, there are certain offshore venues who are having meaningful market share in terms of OTC fixed income as well there could be opportunities, so from a medium to longer term perspective are there any such aspirations to grow in other classes and other geography products as well?

Ashishkumar Chauhan: Basically, we will continue to work in the area which we are allowed to work in. If you gave an example of OTC, if we are allowed to do that we will certainly try to go in that direction. But overall, we'll continue to remain within what I call geography or product contours that are decided by the Regulator and within that we can have aspirations. We cannot have aspirations outside of that and that's what overall strategy NSE has and whole understanding NSE has on that. We will continue to remain within SEBI jurisdictions and fully compliant. We will not do anything on our own which is not allowed.

Moderator: We will take the next question from the line of Udit Bokaria from Catamaran.

Udit Bokaria: Can you share some light on how do you benchmark your technology capabilities versus peers like Nasdaq and S&P? And if you had to look at number of trading days which were disrupted on NSE, how would that number compare with global peers?

Ashishkumar Chauhan: Broadly speaking, the number of trading days we do around 10 holidays in addition to 104 weekends or in that range. Effectively we are pretty much comparable to rest of the world. In terms of trade timing, we are not that comparable because in equities and equity derivatives we trade only 6 hours and 15 minutes whereas most markets in the world trade more than 10 hours especially the developed markets, options trade also 16-18 hours and so that's where we don't trade that long. But within the 6 hours we trade, our number of orders and number of trades which we actually conduct is pretty much the largest in the world. As I told in my speech, we are the largest derivatives exchange in the world in terms of the number of contracts traded. Although per contract the value we trade is very low but our technology systems are able to handle significantly larger number of orders and trades than other systems in derivatives or equities because we use the same trading system and equities, derivatives, currencies and other things. Ours is a kind of a single product unlike many other exchanges in the world which use multiple trading systems. We use single kind of an API, single framework for pretty much all different asset classes and that is unique to us. But if you say the number of messages, US actually ends up taking messages which is of the entire country. They have something called NMS which adds up everyone's all orders and that's why it is a little confusing for them because even New York Stock Exchange is not even 4% or 5% of the total volumes and just showing huge number of messages because we end up taking such broad cast data from every other exchange in the US. But overall if you look at the number of orders which are specific to an exchange or number of trades which are specific to an exchange, we are pretty much the largest exchange in the world by significant miles.

Moderator: We will take the next question from the line of Sankalp Samajdar from State Bank of India.

Sankalp Samajdar: I am representing State Bank of India so our management has two queries. First is, this recent news regarding European market barring NSE CCL. Is it going to have any impact on the investors and the second is the ongoing governance issues; how the things are progressing and if anything beyond the market report or the news report, media report as an investor we need to know?

Ashishkumar Chauhan: For the clearing side I will request my colleague from Clearing Corporation, the CEO Mr. Kothari to answer. On the corporate governance issue which you keep on reading in newspapers are basically matters of the past. Broadly, most of it happened before year 2017 and after that you have not seen any such issue but clearly there is an overhang of that and we need to be all acutely aware of that. Other than that, we do not have more information than you would have or anyone else would have in that matter. With that I'll just tell my colleague Vikram Kothari to talk on the ESMA related activity.

Vikram Kothari: So, with respect to ESMA the issue that has been highlighted, it's very much public in the media as well as a public statement made by ESMA. It's about the regulatory arrangement between the regulators, the inter-regulatory agreements. Anyway, the time provided by ESMA for the inter-regulatory agreements to be in place is till April so at the moment we don't see any immediate impact of that. With respect to investors, it is not about the investors' access to the market but some of the intermediaries which come through European zone who are going to get affected by that route so if you ask our views, I don't think a major investor impact because there are other providers available but very sure this is going to get sorted out between the regulators before the deadline of April '23.

Moderator: We will take the next question from the line of Rohan Jain from Brescon.

Rohan Jain: Firstly, I wanted to ask the market share of NSE in cash & future is commendable and what we understand is this is a first mover business where it's very difficult for some other competitor to gain market share from the first mover or where maximum liquidity is there. But the question here is that can we apply the same assumptions to the other side of the business which is commodities where there is someone else who's the market leader and probably will it be very difficult for NSE to gain market share in that area or can we assume that this will not be a focus area for MCX apart from what you have mentioned which is coal and gold spot exchange?

Ashishkumar Chauhan: We will continue to work hard. We have seen in the world difficult things also can be achieved by working hard. So, we will continue to work hard in commodities also.

Moderator: We will take the next question from the line of Devesh Agarwal from IIFL Securities.

Devesh Agarwal: My first question is in terms of SGX Gift Connect, what is the traction that we are seeing there and what is the potential revenue model out there that we are thinking and how fast that can ramp up? Secondly you mentioned that getting into a newer asset classes will depend upon regulatory approval but something like monetizing data; can that be a potential and probably contribute to our top line over the next 6 to 12 months? And lastly an update on the co-location case if you can give that?

Ashishkumar Chauhan: I will answer the co-location part. The cases are on at various levels in various courts and it's in public domain so I wouldn't like to comment beyond that. On the regulatory approvals side, again it will continue to be the way the regulators think about the markets and how they want us to approach a particular market in terms of overall scheme of things. So, it would depend completely on what the regulator thinks about it. The SGX side, currently the negotiated trades that are happening in Singapore are now fully reported on the NSE-IFSC. The new technology is again being tested as we talk on the new real time volumes there and so over next few months or probably two quarters, you will see a lot of action moving because we're working with SGX, its members as well as the NSE-IFSC and IFSC authorities put together, they are all working. Also, there are further push from various regulatory, government agencies also to bring that market to fruition. It will take some time but as and when it happens, it will also charge per

transaction charges like what we do at NSE and of course it will be shared between two exchanges and so that's broadly the model. For the time being, we are also of course trying to develop newer markets like bond listings and other things as we are also trying to have green bonds and SBG related work happening through NSE-IFSC. There are many other plans there and as they are allowed there, we will continue to explore the new opportunities there also.

Moderator: We will take the next question from the line of Srivathsan from Spark Capital.

Srivathsan: I just wanted to get some sense on two things. One on continuing the new product thing just wanted to any other products we filed on for the weekly options front. Second any regulatory changes that you foresee that could kind of act as a further fillip to volumes. Last year we saw on the net positioning on margining which helped, peak margin also kind of getting rolled off by next month. I just wanted to get a sound any of the impact on these regulatory changes?

Ashishkumar Chauhan: Many regulatory changes are happening as we talk, especially for the industrial production. And just earlier question, a regulatory thinking on data has been always in India the data has been considered as a public good. Recently also a chapter in SEBI mentioned in a public conference on that. That basically ensures that the charges which US exchanges make or even European exchange make on data are not possible to be levied on Indian data but despite that I think our index and data companies are doing pretty well within the constraints they face and we will have to continue to stay within that framework and be completely compliant. On regulatory changes expected, probably one more announcement I heard recently again in public domain was the ASBA kind of a framework for the retail investor in secondary market. So, there might be many changes largely keeping in mind the experiences the regulator and exchanges have had on investor protection and how do you enhance the protection or the abilities that investors have in terms of protecting their own money so even including for assured returns and things like that. Going forward there's going to be a large activity including public activity in information and other things. We will have to tell people that members cannot be providing or even people who claim to be members, many of them may not be members, maybe collecting money using assured returns kind of frameworks and things like that. Those are some things and outcome of them remain to be seen what their impact on our business would be. But what I have seen over a period is the tighter the regulations, people's trust goes up in the markets and that's where more people come into the market and they trust markets more so they invest more in the markets.

Moderator: We will take the next question from the line of Niket from Motilal Oswal AMC.

Niket: I just had one question. On the tech part in your opening remarks, you did highlight that you essentially have to move to the newer tech platform over a period of time. Would it be possible for you to quantify what kind of cost are we looking at and when do we see this entire transition completing?

Ashishkumar Chauhan: I think I gave you probably wrong impression. What I said is that we want to make our technology robust. Some of it will be replacement of old, some of it will have to continue because

technology of any exchange is basically very important and changing it is very difficult and we have seen it in live action in a very smaller version elsewhere in Mumbai itself. So, you know how difficult it would be for the largest exchange of the world of any type to change this technology and technology includes trading, clearing, settlement, collateral management, member management, Company's, listed Company's management, investor services and hardware, software, network, all equipments across thousands of data points and stuff like that. It's not a one-off thing, at the same time you cannot go for a situation where you end up adding risk. So, it's a very complex process. The time frames usually are very long and most people are not able to even move. At the same time usually that I prefer going with tried and tested existing solutions which can handle the scale but in NSE's case there is no such system because NSE is the highest scale there is and so there's nobody who has a similar system which can handle our load in either clearing settlement etc. We also do in India what we call ID based clearing settlements which is every individual gets the ID which is unique ID, UCC against that we do the clearing and settlement whereas in America or in Europe they do what we call omnibus that is we did only with the broker and then broker does with his customers. Our complexities are say at least thousand times larger compared to in terms of IT systems compared to any of the so-called developed markets because we do much detailed, much more integrated work than any one of them do. That's where the changes become that much more complex and more risky. Keeping that in mind it might take several years or even more just to make the current system robust and then think of changing them one by one.

- Moderator:** We will take the next question from the line of Sunil M Kothari from Unique PMS.
- Ashishkumar Chauhan:** I have 9 minutes to go so as many questions as I can answer we will do that and then later on I will request those people who are in the queue to write to us or IR department and we will try to answer as much as we can. I hope this works.
- Sunil M Kothari:** My question is very different. Your major customer is trader on the exchanges but it is the services provided by intermediates like stock brokers online or offline. I would like to understand from you what the change in relationship of these brokers you want to make because you have really changed lot at the time of BSE. Your relationship with your brokers and other side is regulator, the SEBI. There also there was some issue in the past. What change you want to do on a larger scale, that's the only question of mine?
- Ashishkumar Chauhan:** NSE always strives to, I am an employee of NSE and I did job at NSE before also I did job at other places also and so, for me, if you ask for NSE, NSE has always strived to have a fully compliant exchange and other operations running as per the requirements of the regulators and policy makers. In terms of its members, it has always tried to be listening to them and change its ways to ensure that it was the best services, best in class services to its members. We will of course, continue to improve, we will continue to listen to our all stake holders, not only members but also shareholders. That's what is the first ever quarterly call which will continue hopefully going forward. So, we will continue to improve. We require your feedback and I can assure you

that each feedback will be taken seriously going forward and we will certainly want to have a better relation with all stakeholders going forward.

Moderator: Next question is from the line of Mahesh from Ambit Capital.

Mahesh: Just very quick question on the EPS for Q2 FY23, the standalone EPS is higher than consolidated. The standalone is around 47.84 and consolidated is around 35.83. So, just want to understand is it because of consolidation in dividend or any other subsidiaries? Is there a loss which is aggregated at the parent or anything else?

Yatrik Vin: The difference is essentially because of the subsidiary dividend. At consolidation level subsidiary dividend gets knocked off whereas in standalone it remains. That's the reason this is the data.

Moderator: The next question is on the line of Aditya R from Kotak.

Aditya R: Could you touch upon your non-core business which you spoke about at the beginning of the call? What those are and what are you planning to do with them?

Ashishkumar Chauhan: We have businesses in Cloud and even IT which are not core to us, which support other third parties and so those are the businesses we think are not core to our business. Many of them are smaller or some of them are even larger and they might have come up organically or they might have been acquired recently. But overall, we have reasonably decent portfolio of many companies and many businesses which today do not relate largely to what we do or what the regulators want us to do so that's where we are slowly trying to come out of them.

Moderator: The next question is from the line of Pritesh Vora from Mission Street India.

Pritesh Vora: Thank you very much for arranging this call and welcome you to NSE. We are one of the oldest shareholders in NSE. So, we wanted to understand how the, the obvious question as an investor will be what is the IPO timeline? What are the steps which management under management control which management can do in order to bring this Company to IPO?

Ashishkumar Chauhan: I think that's there in every shareholder's mind and what management can do is to provide a great fully compliant uninterrupted services to the nation and as and when the approvals come, do the process that is of doing IPO, keep ready with documents anytime so that anytime we get signals we can move forward but ultimately the approval for the IPO remains outside our hand. The rest is something we can work hard on and continue to improve on.

Moderator: The next question is from the line of Sanjay Shah from KSA Shares and Securities.

Sanjay Shah: My question was regarding we have entered into power trading which is a JV but could not get into any market share. Can you highlight upon that and all other new offerings, all other new products where we are planning to venture, will that be a JV or standalone?

Ashishkumar Chauhan: Broadly speaking depending on the market conditions we'll do either JV, where we can go alone, we will try to go alone, where we think more participants owning it makes more sense so that they start trading on that platform, we'll go with the JV and of course it would also be a function of what kind of regulatory approvals that are required. It might be easier sometimes to go alone and get that approval, sometimes it might be difficult to go alone and get the approval. That will be a very complex decision making for every business and it will be made as and when that opportunity arises. In power we started with something long back, it did not succeed and currently in a situation where little bit of trading has already begun, in terms of the negotiated trades, the screen trades have not yet come in. We are working on it. It's something which we will eventually be allowed only to hold less than 25%. We are yet to come out with some of the stakes as per the regulations by this financial year end. But overall, we think we can do something nice out of that, as of now, along with other partners. NTPC has already come in as a strategic partner and we think with other partners we might be able to at least try attempting, the number with them or investor is hardly anything. But we think it is a strategic situation because electricity futures and option, might be allowed under SEBI going forward and that's where we might actually do the Futures & Options on our own within, as a segment, if it is allowed by SEBI at NSE itself. That's where it is helping us to learn on the electricity markets about how it trades, how it clears, settles, what are the members, what are the needs, what are the other stakeholders and how they think of the derivatives and things like that. There are additional aspects to the power trading on spot where we had invested but now it's going to kind of go into a different direction.

Moderator: Thank you. Ladies and gentlemen that was the last question for today. I would now like to hand the conference over to Mr. Yatrik Vin for closing comments.

Yatrik Vin: Thank you everybody. Thank you for your participation. Indeed, as MD sir mentioned that we will continue to have this interaction every quarter and happy to respond to any of the queries, any of the shareholders online or offline have. Kindly do write to us on our investor relations email ID or to any of us directly and we would be happy to share the data and respond. Thank you everybody.

Ashishkumar Chauhan: Happy New Year guys, enjoy. Thank you.

Moderator: Thank you. Ladies and gentlemen on behalf of National Stock Exchange of India, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.