

Price Waterhouse & Co Chartered Accountants LLP

Review Report

To
The Board of Directors
National Stock Exchange of India Limited,
Exchange Plaza, C-1, Block-G,
Bandra Kurla Complex,
Bandra (East),
Mumbai – 400 051.

1. We have reviewed the standalone unaudited financial results of National Stock Exchange of India Limited (the “Company”) for the quarter ended June 30, 2024, which are included in the accompanying Statement of Standalone Unaudited Financial Results for the quarter ended June 30, 2024, (the “Statement”). The Statement has been prepared by the Company pursuant to Regulation 33 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (the “SECC Regulations”) read with Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the “Listing Regulations, 2015”), which has been initialled by us for identification purposes. The Statement is the responsibility of the Company’s management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement.
3. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the Statement has not been prepared in all material respects in accordance with the applicable Accounting Standards prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies and has not disclosed the information required to be disclosed in terms of Regulation 33 of the SECC Regulations read with Regulation 33 of the Listing Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

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Price Waterhouse & Co. (a Partnership Firm) converted into Price Waterhouse & Co Chartered Accountants LLP (a Limited Liability Partnership with LLP Identity no: LLPIN AAC-4362) with effect from July 7, 2014. Post its conversion to Price Waterhouse & Co Chartered Accountants LLP, its ICAI registration number is 304026E/E-300009 (ICAI registration number before conversion was 304026E)

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5. We draw your attention to Note 3 to the Statement, relating to the orders passed by the Securities and Exchange Board of India ("SEBI") in relation to preferential access to tick-by-tick data at the Company's Colocation facility, Dark Fiber point-to-point connectivity and Governance and Conflict of Interest matters and the adjudication orders in relation to these matters. The future outcome of the above matters is uncertain at this stage. Based on the legal opinion obtained by the Company, except for the penalty amount of Rs. 100 crores as mentioned in Note 3 to the Statement, no provision has been recognized towards the above matters. Our conclusion is not modified in respect of this matter.

For Price Waterhouse & Co. Chartered Accountants LLP
Firm Registration Number: 304026E/E - 300009



Amit Borkar
Partner
Membership Number: 109846

UDIN: 24109846BKGXTR4303
Place: Pune
Date: August 07, 2024



NATIONAL STOCK EXCHANGE OF INDIA LIMITED
CIN : U67120MH1992PLC069769



STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2024

(Rs. in crores unless otherwise stated)

Sr. No. Particulars	Quarter ended			Year ended
	30.06.2024 Unaudited	31.03.2024 (Refer note 1)	30.06.2023 Unaudited	31.03.2024 Audited
1 Income				
(a) Revenue from operations	4,050.63	4,122.65	2,832.57	13,510.54
(b) Other income	326.94	345.56	286.70	1,448.95
Total Income	4,377.57	4,468.21	3,119.27	14,959.49
2 Expenses				
(a) Employee benefits expense	103.71	84.88	83.33	332.66
(b) Clearing & settlement charges	389.78	385.26	213.20	1,240.90
(c) SEBI Regulatory fees	268.28	301.43	185.53	978.85
(d) Depreciation and amortisation expense	99.01	91.92	78.72	338.99
(e) Other expenses	313.82	488.48	358.31	1,506.48
Total expenses	1,174.60	1,351.97	919.09	4,397.88
3 Profit before Contribution to Core Settlement Guarantee Fund (Core SGF) and tax (1-2)	3,202.97	3,116.24	2,200.18	10,561.61
4 Additional Contribution / provision to Core SGF (Refer note 6)	(587.34)	(574.25)	(50.49)	(1,740.97)
5 Profit before tax (3-4)	2,615.63	2,541.99	2,149.69	8,820.64
6 Less: Income Tax expense				
(a) Current tax	772.00	650.00	486.00	2,060.00
(b) Deferred tax	(116.13)	36.07	65.80	125.33
Total Tax expense	655.87	686.07	551.80	2,185.33
7 Profit for the period / year (5-6)	1,959.76	1,855.92	1,597.89	6,635.31
8 Other Comprehensive Income (OCI)				
(a) <i>Items that will be reclassified to profit or loss (net of tax)</i>				
Changes in fair value of FVOCI debt instruments	3.28	5.26	9.88	15.59
(b) <i>Items that will not be reclassified to profit or loss (net of tax)</i>				
Remeasurements of post-employment benefit obligations	(3.12)	0.23	(2.91)	(1.35)
Changes in fair value of FVOCI equity instruments	5.44	(2.57)	2.00	(4.18)
Total other comprehensive income / (loss) for the period / year, net of taxes	5.60	2.92	8.97	10.06
9 Total comprehensive income for the period / year (7+8)	1,965.36	1,858.84	1,606.86	6,645.37
10 Paid-up equity share capital (Face Value Re. 1 per share)	49.50	49.50	49.50	49.50
11 Reserves (excluding Revaluation Reserve)				19,312.28
12 Earnings per equity share (EPS) (Face Value Re. 1 each)				
- Basic and Diluted (Rs.)	39.59*	37.50*	32.28*	134.05
* Not annualised				

Notes :

- 1 The above Standalone Unaudited Financial Results for the quarter ended June 30, 2024, have been reviewed by the Audit Committee in its meeting held on August 6, 2024, and approved by the Board of Directors in its meeting held on August 7, 2024. The financial results for the quarter ended June 30, 2024, were reviewed by the Statutory Auditors of the Company and the figures for the quarter ended March 31, 2024, are the balancing figures between audited figures in respect of full financial year and published year to date figures upto the third quarter of the respective financial year.
- 2 Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Company. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director and CEO of the Company. The Company operates only in one Business Segment i.e. facilitating trading in securities and the activities incidental thereto within India, hence does not have any reportable Segments as per Indian Accounting Standard 108 "Operating Segments". The Company while presenting the consolidated financial results has disclosed the segment information as required under Indian Accounting Standard 108 "Operating Segments".
- 3 Securities and Exchange Board of India (SEBI) directed National Stock Exchange of India Limited ('the Company / NSE') to carry out an investigation including forensic examination by independent external agencies in respect of certain aspects of NSE's Colocation facility and further directed that pending completion of the investigations, all revenues emanating from the colocation facility be transferred to a separate bank account with effect from September, 2016.

Three separate show cause notices (SCN) from the Whole Time Member of SEBI ("WTM") on May 22, 2017, July 03, 2018, and July 31, 2018, were issued by SEBI to NSE and to some of its then present and former employees, in respect of NSE's Colocation facility, Dark Fibre and Governance and conflict of interest related matters. Subsequently, SEBI had passed orders in respect of all the three SCNs vide its letter dated April 30, 2019.

In the Colocation order, it passed a direction on NSE inter-alia to disgorge an amount of Rs. 624.89 crore along with interest at the rate of 12% per annum from April 01, 2014, till the actual date of payment and certain non-monetary and restrictive directions prohibiting NSE from accessing securities market, for a period of six months from the date of the order. In the Dark Fibre order, it passed a direction to deposit a sum of Rs. 62.58 crore along with interest at the rate of 12% p.a. from September 11, 2015, till the actual date of payment along with certain non-monetary and restrictive directions and in Governance and Conflict of Interest matter WTM had passed certain non-monetary and remedial directions on NSE.

Additionally, NSE also received notices from Adjudicating Officer of SEBI ("AO") covering the above three issues pertaining to NSE's Colocation facility, Dark Fibre and Governance and conflict of interest matters, and subsequent orders dated February 10, 2021, June 28, 2022, and February 11, 2022, levying monetary penalty of Rs. 1 crore, Rs. 7 crore and Rs. 1 crore, respectively.

NSE filed appeals with the Hon'ble Securities Appellate Tribunal (SAT) against the above three WTM and AO orders. In the Colocation and Dark Fibre matters, SAT vide its interim order dated May 22, 2019, stayed the disgorgement of the amount, however it directed NSE to transfer the amount of Rs. 624.89 crore in the Colocation matter and Rs. 62.58 crore in the Dark Fibre matter totalling to Rs. 687.47 crore to SEBI. Further, NSE was also directed to continue to transfer all revenues emanating from its co-location facility to a separate bank account.

The Hon'ble SAT, vide its interim order dated May 17, 2021, in colocation matter, allowed NSE's application for withdrawal of amounts transferred to separate account and to discontinue the transfer of all revenues emanating from its-colocation facility to such separate bank account. Additionally, the Hon'ble SAT directed NSE to transfer an amount of Rs.420 Crore into an interest-bearing account with SEBI. Accordingly, NSE had, deposited a total amount of Rs.1,107.47 Crore with SEBI.

In relation to the appeal filed for colocation matter, Hon'ble SAT vide its final order dated January 23, 2023, upheld the non-monetary directives of SEBI inter-alia setting aside SEBI's direction for disgorgement. The Hon'ble SAT exercising its power imposed a penalty of Rs. 100 crore on NSE as a deterrent for the lack of due diligence.

Further, on July 12, 2023, SAT vide its final order in Colocation AO Appeal set aside SEBI's order levying a penalty of Rs.1 Crore.

In the Dark Fibre WTM matter, SAT vide its final order dated August 9, 2023, partly allowed the appeal to the extent that the WTM order for disgorgement has been reversed and the amount deposited by NSE with SEBI to be refunded by SEBI within a period of 4 weeks from the date of the order.

On December 14, 2023, SAT vide its final order in Dark Fibre AO Appeal set aside SEBI's order levying a penalty of Rs.7 Crore.

SEBI appealed against the SAT Colocation WTM Order dated January 23, 2023, before the Hon'ble Supreme Court and vide an interim order dated March 20, 2023, the Hon'ble Supreme Court rejected the application for stay and directed SEBI to refund an amount of Rs.300 Crore. The amount of Rs.300 Crore was received by NSE on April 21, 2023.

SEBI appealed against the SAT Colocation AO Order dated July 12, 2023, before the Hon'ble Supreme Court and vide an interim order dated October 10, 2023, the Hon'ble Supreme Court directed the parties to complete the pleadings and tagged the AO appeal with the Colocation WTM Appeal. Both the Appeals are pending for final hearing and disposal.

SEBI appealed against the SAT Dark Fibre WTM order dated August 9, 2023, before the Hon'ble Supreme Court and vide an interim order dated October 17, 2023, the Hon'ble Supreme Court rejected the application for stay and directed SEBI to refund an amount of Rs. 31 Crore. The amount of Rs.31 Crore was received by NSE on November 17, 2023.

SEBI appealed against the SAT Dark Fibre AO Order dated December 14, 2023, before the Hon'ble Supreme Court and vide its interim order dated April 10, 2024 the Hon'ble Supreme Court tagged the Dark Fibre AO Appeal along with the Dark Fibre WTM Appeal, which is adjourned to September 9, 2024, for final hearing and disposal.

Basis the SAT Colocation WTM order dated January 23, 2023, SEBI's WTM issued another SCN dated May 17, 2023, to consider the charge of connivance and collusion of OPG Securities and its directors with NSE employees. NSE had filed a detailed response on August 3, 2023. Personal hearing in the matter has been concluded on February 2, 2024, and the order is awaited.

The Company believes that it has strong grounds to contest each of the above orders / appeals including monetary liability (including from completed / pending adjudication proceedings) passed by SEBI. Accordingly, no provision for any liability in this regard is considered necessary in the financial result for the quarter ended June 30, 2024, other than a penalty of Rs. 100 crore imposed by the Hon'ble SAT which had been duly adjusted against the amount deposited by NSE during the year ended March 31, 2023.

In the Governance and conflict of interest matters before Hon'ble SAT challenging SEBI WTM and AO orders, stay was granted by SAT on July 9, 2019, and August 11, 2022, respectively. Subsequent to the quarter ended June 30, 2024, NSE has filed an application for withdrawal of both the appeals which was approved by the Hon'ble SAT vide its order dated July 24, 2024, disposing of NSE's appeals as withdrawn. On July 29, 2024, NSE has paid monetary penalty levied by the AO vide order dated June 30, 2022 along with the interest as on the date of the payment. NSE is in the process of complying with the directives passed by the WTM in its order dated April 30, 2019.

- 4 The Company was in receipt of Show Cause Notice issued by SEBI on October 9, 2019, and a Supplementary Notice on December 16, 2019, alleging certain irregularities in the appointment of Chief Strategic Advisor and his re-designation as 'Group Operating Officer and Advisor to MD' by the former Managing Director & Chief Executive Officer and the sharing of certain internal information pertaining to the Company with an alleged third party. SEBI vide order dated February 11, 2022, levied penalty of Rs. 2 crore which was paid by the Company. In this direction investigating agencies have been making inquiries and seeking various information, data etc. from the Company, which is being provided.
- 5 The Company and the employees, past and present received a SCN dated February 28, 2023, from SEBI on the Trading Access Point (TAP) matter. The Company has filed the settlement application ("the Application") in response to the said SCN vide letter dated April 28, 2023. In the application, the Company has submitted its grounds of consent and has also stated that it is consenting without admission of liability or guilt and is willing to pay a reasonable amount in line with the settlement regulations. Thereafter, on July 10, 2023, NSE filed a detailed reply to the Show Cause Notice with SEBI. Basis the Settlement Application filed by NSE and the employees, SEBI conducted several Internal Committee meetings with NSE and the employees through their Advocates. On March 5, 2024, NSE had filed as Revised Settlement Terms (RST) with SEBI. SEBI on May 24, 2024, informed that the HPAC has refused to accept the consolidated settlement offer and has instead directed to submit individual application with RST. On June 14, 2024, NSE after getting its Board approval has filed a further RST with SEBI for a settlement. Revert from SEBI is awaited.
- 6 The Board of Directors of the Company in their meeting held on March 23, 2023, approved the voluntary contribution at 2% of the transaction charges earned to the Core Settlement Guarantee Fund (Core SGF) to maintain the corpus of the said Fund based on the assessment of the current trends in volumes and overall increase in market activities. Further, SEBI vide its letter no. SEBI/HO/MRD-PoD-2/P/OW/2024/15969/1 dated May 3, 2024, advised the Company to augment Core SGF of F&O segment of NSE Clearing Ltd (NCL) to Rs. 10,500 crores. Pursuant to the said letter, during the quarter ended June 30, 2024, the Company has made provision towards Contribution to Core SGF in additional to the voluntary contribution of 2% of the transaction charges. NSE has recognised an expense of Rs. 587.34 crores towards contribution to the Core SGF in the financial results for the quarter ended June 30, 2024.

- 7 The Board of Directors of the Company in their meeting held on May 3, 2024, recommended issue of bonus equity shares in the proportion of 4 (four) bonus shares of Re. 1/- each for every existing 1 (one) fully paid up equity shares of Re. 1 each and increase in Authorised Share Capital from Rs. 50 crores (comprising 50 crores shares of Re. 1 each) to Rs. 500 crores (comprising 500 crores shares of Re. 1 each) which was duly approved by the shareholders through postal ballot. SEBI application seeking approval for alteration to the Memorandum of Association for increase in the authorized share capital has been submitted on July 31, 2024 and the approval from the SEBI is awaited.
- 8 Previous period's / year figures have been regrouped / reclassified wherever necessary to correspond with the current period classification / disclosure.

For and on behalf of the Board of Directors

Place : Mumbai
Date : August 7, 2024

Ashishkumar Chauhan
Managing Director & CEO
DIN : 00898469