

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 and the year-to-date results for the period ended December 31, 2023, which are included in the accompanying ‘Statement of Standalone Unaudited Financial Results for the quarter and nine months ended December 31, 2023’ (the “Statement”). The Statement has been prepared by the Company pursuant to Regulation 33 of the Securities Contracts (Regulations) (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 initialed by us for identification purposes. This Statement, which is the responsibility of the Company’s Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 “Interim Financial Reporting” (“Ind AS 34”), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India. Our responsibility is to express a conclusion 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 recognized accounting practices and policies and has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

Price Waterhouse & Co Chartered Accountants LLP, 252, Veer Savarkar Marg, Shivaji Park, Dadar (West) Mumbai - 400 028
T: +91 (22) 66691000, F: +91(22) 66547804 / 07

Registered office and Head office: Plot No.56 & 57, Block DN, Sector V, Salt Lake, Kolkata-700091

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 above matters continue to be under appeal with the Hon'ble Securities Appellate Tribunal or the Hon'ble Supreme Court. 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 for any liability 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: 24109846BKGXRG9742

Place: Pune
Date: February 10, 2024



NATIONAL STOCK EXCHANGE OF INDIA LIMITED

CIN : U67120MH1992PLC069769



STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2023

(Rs. in crores unless otherwise stated)

Sr. No. Particulars	Quarter ended			Nine months ended		Year ended
	31.12.2023 Unaudited	30.09.2023 Unaudited	31.12.2022 Unaudited	31.12.2023 Unaudited	31.12.2022 Unaudited	31.03.2023 Audited
1 Income						
(a) Revenue from operations	3,169.66	3,385.66	2,628.56	9,387.89	7,886.14	11,181.03
(b) Other income	282.71	533.98	205.90	1,103.39	1,267.46	1,511.16
Total Income	3,452.37	3,919.64	2,834.46	10,491.28	9,153.60	12,692.19
2 Expenses						
(a) Employee benefits expense	84.66	79.79	62.12	247.78	206.94	280.60
(b) Clearing & settlement charges	330.90	311.54	162.56	855.64	477.99	679.69
(c) SEBI Regulatory fees	250.80	241.09	123.78	677.42	311.22	476.61
(d) Depreciation and amortisation expense	87.12	81.23	75.75	247.07	225.49	302.21
(e) Other expenses	310.83	348.86	367.80	1,018.00	904.88	1,297.20
Total expenses	1,064.31	1,062.51	792.01	3,045.91	2,126.52	3,036.31
3 Profit before Contribution to Core Settlement Guarantee Fund (Core SGF) and tax (1-2)	2,388.06	2,857.13	2,042.45	7,445.37	7,027.08	9,655.88
4 Additional Contribution to Core SGF (Refer note 6)	(556.05)	(560.18)	-	(1,166.72)	-	(203.45)
5 Profit before tax (3-4)	1,832.01	2,296.95	2,042.45	6,278.65	7,027.08	9,452.43
6 Less: Income Tax expense						
(a) Current tax	450.00	474.00	451.00	1,410.00	1,573.00	2,214.00
(b) Deferred tax expense	4.53	18.93	23.37	89.26	30.82	5.53
Total Tax expense	454.53	492.93	474.37	1,499.26	1,603.82	2,219.53
7 Profit for the period / year (5-6)	1,377.48	1,804.02	1,568.08	4,779.39	5,423.26	7,232.90
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	9.97	(9.52)	3.95	10.33	(27.31)	(21.60)
(b) <i>Items that will not be reclassified to profit or loss (net of tax)</i>						
Remeasurements of post-employment benefit obligations	0.16	1.17	0.82	(1.58)	0.03	0.83
Changes in fair value of FVOCI equity instruments	(2.01)	(1.60)	(2.87)	(1.61)	(1.85)	(4.52)
Total other comprehensive income / (loss) for the period / year, net of taxes	8.12	(9.95)	1.90	7.14	(29.13)	(25.29)
9 Total comprehensive income for the period / year (7+8)	1,385.60	1,794.07	1,569.98	4,786.53	5,394.13	7,207.61
10 Paid-up equity share capital (Face Value Rs. 1 per share)	49.50	49.50	49.50	49.50	49.50	49.50
11 Reserves (excluding Revaluation Reserve)						16,626.91
12 Earnings per equity share (EPS) (Face Value Rs. 1 each)						
- Basic and Diluted (Rs.)	27.82*	36.45*	31.68*	96.55*	109.56*	146.12

* Not annualised

Notes :

- 1 The above Standalone Unaudited Financial Results for the quarter and nine months ended December 31, 2023, have been reviewed by the Audit Committee and approved by the Board of Directors in its meeting held on February 10, 2024. These financial results have been reviewed by the Statutory Auditors of the Company.
- 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 to the extent applicable as required under Indian Accounting Standard 108 "Operating Segments".
- 3 The Securities and Exchange Board of India (SEBI) had directed National Stock Exchange of India Limited (NSE) to carry out an investigation including forensic examination by independent external agencies in respect of certain aspects of NSE's Colocation facility. Accordingly, investigations were carried out and the reports were submitted to SEBI. Further, in September 2016, SEBI directed that pending completion of the investigations, all revenues emanating from the colocation facility with effect from September 2016, be transferred to a separate bank account. In terms of the said directions, NSE continued to transfer the amount till May 2021, subsequently SAT allowed the release of the amounts from such separate bank account (as further explained below).

Three separate show cause notices (SCN) on May 22, 2017, and July 03, 2018, were issued by SEBI to the Company and to some of its employees, including former employees, in respect of the alleged preferential access to tick-by-tick data in the Company's Colocation facility, Dark Fibre point to point connectivity and Governance and conflict of interest related matters which were responded to by NSE. NSE had also filed a Consent Application with SEBI on August 31, 2018, in respect of the said show cause notices. SEBI vide its letter dated April 30, 2019, returned the Consent Application filed by NSE and passed orders in respect of all the three show cause notices. In the first 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 the Company from accessing securities market, through issuance of equity, debt or other securities for a period of six months from the date of the order. In the second 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 the third order it has passed certain non-monetary and remedial directions on NSE. Additionally, NSE also received Adjudication notices covering the above three orders for which NSE has filed its replies with SEBI. With respect to Adjudication notices pertaining to preferential access to tick-by-tick data at the Company's Colocation facility, Dark Fibre point to point connectivity and Governance and conflict of interest matters, SEBI has passed orders and levied monetary penalty of Rs. 1 crore, Rs. 7 crore and Rs. 1 crore, respectively.

The Company having received the orders passed by SEBI sought legal advice thereon and preferred an appeal with the Hon'ble Securities Appellate Tribunal (SAT). SAT vide its interim order has stayed the disgorgement of the amount, however it directed the Company to transfer the amount of Rs. 624.89 crore in the Colocation matter and Rs. 62.58 crore in the Dark Fibre matter totaling to Rs. 687.47 crore to SEBI which was remitted by the Company on June 13, 2019. Further, the Company was also directed by SAT to continue to transfer all revenues emanating from its co-location facility to a separate bank account. With respect to Governance and conflict of interest related matters, Hon'ble SAT vide its interim order has kept the directions passed in the SEBI order in abeyance.

The Company had, in the interim, filed an application with Hon'ble SAT to permit withdrawal of the amounts transferred to the separate account, as indicated above, and also to discontinue the transfer of all revenues emanating from its co-location facility to such separate bank account going forward. Hon'ble SAT heard the matter on May 17, 2021, and modified its earlier order dated May 22, 2019, and allowed NSE to withdraw the amounts previously transferred to such account, discontinue further transfer of future revenues and close the separate account. However, in order to balance the equities, Hon'ble SAT directed NSE to transfer an additional amount of Rs. 420 crore into an interest-bearing account with SEBI which was remitted by the Company on June 17, 2021. Accordingly, as on December 31, 2022, a total amount of Rs.1,107.47 crore had been deposited by the Company with SEBI. Hon'ble SAT further vide its order in June 2021, directed the parties for a refresher hearing which was concluded in November 2021.

In relation to the appeal filed for colocation matter, Hon'ble SAT had passed an order dated January 23, 2023, while upholding the non-monetary directives of SEBI has inter alia set aside the SEBI direction for disgorgement. Hon'ble SAT exercising its power has imposed a penalty of Rs. 100 crores on NSE as a deterrent for the lack of due diligence. The Company has duly provided for the said penalty in its financial statements for the year ended March 31, 2023 and the same got adjusted against the disgorgement amount already deposited by NSE.

SEBI preferred an Appeal against the SAT Order dated January 23, 2023, before the Hon'ble Supreme Court. The Hon'ble Supreme Court vide its order dated March 20, 2023, directed SEBI to refund to NSE Rs.300 Crores upon filing an undertaking to the effect that in case the Appeal of SEBI is allowed, then NSE will repay the entire amount to SEBI. NSE filed its undertaking with SEBI on March 28, 2023. The amount of Rs.300 Crores was received by NSE on April 21, 2023, and the same has been deposited in interest bearing account.

Additionally, SAT vide its order dated January 23, 2023 directed to the Whole Time Member (WTM) of SEBI to consider the charge of connivance and collusion of OPG and its Directors with any employee/officials of NSE. Accordingly, during the nine months ended December 31, 2023, the Company has received Show Cause Notice (SCN) dated May 17, 2023 on the said matter. The Company has filed the settlement application in response to the said SCN vide letter dated July 12, 2023, and thereafter, on August 3, 2023, the Company filed a detailed response to the SCN. SEBI vide its letter dated December 18, 2023 has rejected the settlement application filed by NSE. The personal hearing in the matter has been concluded on February 2, 2024 and the order of SEBI in this regard is awaited.

In the dark fibre matter, SAT vide its 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 the Company with SEBI shall be refunded by SEBI within a period of 4 weeks from the date of the order. SEBI, thereafter preferred an appeal before the Hon'ble Supreme Court for setting aside the order dated August 9, 2023, passed by SAT and filed an application to stay the effect of the order. The Hon'ble Supreme Court vide its order dated October 17, 2023, directed SEBI to refund an amount of Rs. 31 crore and issued notice directing the Company and all other parties to file their respective reply to the Appeal and adjourned the matter till March 2024. The amount of Rs. 31 crores was received by the Company on November 17, 2023.

With respect to adjudication orders, SAT, in an appeal filed by the Company stayed Governance and conflict of interest matters. As regards preferential access to tick-by-tick data at the Company's Colocation facility, SAT vide order dated July 12, 2023, set aside the SEBI order levying monetary penalty of Rs. 1 crore. SEBI has filed an appeal against the SAT Order before the Hon'ble Supreme Court, whereas both the parties are directed to complete the pleading by March 2024 and thereafter the Appeals filed by SEBI arising out of the SAT Orders dated January 23, 2023 and July 12, 2023 (WTM and AO) will be listed for final hearing.

In relation to adjudication order of SEBI's AO dated June 28, 2022 of Dark Fibre which was appealed by NSE, SAT in its order dated December 14, 2023 set aside the penalties of Rs. 5 Crore under PFUTP Regulations read with SEBI Act, Rs.1 Crore for violation of the Circular dated May 13, 2015 and Rs.1 Crore for violation of SECC Regulations. With respect to appeal proceedings challenging SEBI's WTM and Adjudication orders in relation to governance and conflict of interest matters, the final hearing before SAT is pending.

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 results for the quarter and nine months ended December 31, 2023.

- 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 violation in relation to certain alleged irregularities in the appointment of Chief Strategic Advisor and his re-designation as 'Group Operating Officer and Advisor to MD' by a former Managing Director & Chief Executive Officer and the sharing of certain internal information pertaining to the Company with an alleged third party by the former Managing Director & Chief Executive Officer. During the year ended March 31, 2022, SEBI vide order dated February 11, 2022, levied penalty of Rs. 2 Crore which was paid by the Company. In this direction, certain investigating agencies have been making inquiries and seeking various information, data etc. from the Company, which is being provided.
- 5 During the year ended March 31, 2023, the Company received a show cause notice vide letter 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 fair sum in line with the settlement regulations. Thereafter, on July 10, 2023, NSE filed a detailed reply to the Show Cause Notice with SEBI on which the Company is awaiting response from SEBI. The Company's management is of the view that pending the conclusion of this matter with SEBI, no provision / adjustment to this effect is required to be made in the financial results for the quarter and nine months ended December 31, 2023.
- 6 The Board of Directors of the Company in their meeting 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 corpus of the said Fund based on the assessment of the current trends in volumes and overall increase in market activities. The Board in its meeting held on November 1, 2023, approved additional contribution of Rs. 500 crore to the Core SGF each quarter for the remainder of FY 23-24 to augment the corpus of the Core SGF as desired by SEBI. Accordingly, during the quarter and nine months ended December 31, 2023, the Company has recognised an expense of Rs. 556.05 crore and Rs. 1,166.72 crore respectively, towards contribution to the Core SGF in the financial results.
- 7 Previous periods / 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 : February 10, 2024

Ashishkumar Chauhan
Managing Director & CEO
DIN : 00898469