



National Stock Exchange of India Limited

Q3 FY25 Earnings Conference Call

February 05, 2025

MANAGEMENT:

- SHRI ASHISHKUMAR CHAUHAN – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – NSE**
- SHRI IAN DESOUZA –CHIEF FINANCIAL OFFICER – NSE**
- SHRI SRIRAM KRISHNAN – CHIEF BUSINESS DEVELOPMENT OFFICER – NSE**
- SHRI SHHARAD DHAKKATE – CHIEF HUMAN RESOURCE OFFICER – NSE**
- SHRI PIYUSH CHOURASIA – CHIEF REGULATORY OFFICER, MEMBER COMPLIANCE, SURVEILLANCE, MEMBER INSPECTION & INVESTIGATION – NSE**
- SHRI ANKIT SHARMA – CHIEF REGULATORY OFFICER, LISTING, AND INVESTOR COMPLIANCE – NSE**
- SHRI SOMASUNDARAM – CHIEF ENTERPRISE RISK OFFICER – NSE**
- SHRI VIRAL MODY – CHIEF TECHNOLOGY OFFICER, APPLICATIONS & DEVELOPMENT – NSE**
- SHRI MAYUR SINDHWAD – CHIEF TECHNOLOGY OFFICER, OPERATIONS – NSE**
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- SHRI RAJESH THAPAR – CISO – NSE**
- SHRI AMBER GUPTA – HEAD LEGAL – NSE**
- SHRI TIRTHANKAR PATNAIK – CHIEF ECONOMIST – NSE**
- SHRIMATI PRAJAKTA POWLE – COMPANY SECRETARY – NSE**

Moderator:

Ladies and gentlemen, good day and welcome to the National Stock Exchange of India Limited's Q3 FY25 earnings conference call. 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 “*” and then “0” on your touchtone phone. Please note that this Conference Call is being recorded.

I now hand-over the conference to Shri Ian Desouza – CFO of NSE India. Thank you and over to you, sir.

Ian Desouza:

Thank you, Michelle, for that. Good evening, everyone and welcome to NSE's earnings call to discuss the results for the third quarter of FY25. Please note that this conference is being recorded and a transcript of the same will be available on our website. The Financial Results and Investor Presentations are also available on our website.

Joining us today on this Earnings Call is NSE Leadership Team consisting of Shri Ashishkumar Chauhan – MD & CEO; Shri Sriram Krishnan – Chief Business Development Officer; Shri Shharad Dhakkate – Chief Human Resource Officer; Shri Piyush Chourasia – Chief Regulatory Officer (Member Compliance, Surveillance, Member Inspection & Investigation); Shri Ankit Sharma – Chief Regulatory Officer (Listing and Investor Compliance); Shri Somasundaram – Chief Enterprise Risk Officer; Shri Viral Mody – Chief Technology Officer (Applications & Development); Shri Mayur Sindhwad – Chief Technology Officer (Operations); Shri Sampath Manickam – Chief Technology Officer (Technology Infrastructure); Shri Rajesh Thapar – CISO; Shri Amber Gupta – Head (Legal); Shri Tirthankar Patnaik – Chief Economist and Shrimati Prajakta Powle – Company Secretary. We also have other colleagues from finance, investor relations and secretarial.

Please note that the statements made on this call may reflect the Company's outlook for the future, which may be construed as a forward-looking statement. Such forward-looking statements must be reviewed in conjunction with the risks that the group faces, and actual performances or events may differ from those in the forward-looking statements as a result of

various uncertainties and factors which may be beyond the Company's control. With that, I would now like to hand over the call to Shri Ashishkumar Chauhan – MD & CEO of NSE.

Ashishkumar Chauhan: Thank you, Ian. Good evening, everyone. I would like to congratulate the Honourable Finance Minister of India, Shrimati Nirmala Sitharaman Ji for a budget that builds on India's growth momentum, strong development measures, continued fiscal prudence, increased capex and reduced tax burden on middle class.

The Union Budget 2025-2026 is about India's most vital resources, its people. The increase in disposable income enhances consumption growth and provides further wealth creation opportunities to Indian households through the markets. More consumption will create more demand and give a boost to the economy, while more savings will lead new investors to expand the current pool of 11 crore unique investors who will become stakeholders and beneficiaries of India's growth journey.

The budget stands out for its balanced approach, while focusing on boosting consumption and investment and social welfare for the needy, the path to fiscal prudence has been kept intact, with the fiscal deficit targeted at 4.4% of GDP for FY26. It provides a comprehensive framework of reforms across six major domains, including taxation, power sector, urban development, mining, financial sector and regulatory reforms, to promote sustainable, durable and inclusive growth, with agriculture, MSME, investment and exports identified as major engines of this growth.

Overall, the budget accelerates India's journey towards Viksit Bharat and supports a virtuous cycle of economic growth, wealth creation, capital formation and job creation.

On the macroeconomic front, the Indian economy is poised for a faster growth in the second half of the fiscal year, maintaining its position as one of the fastest-growing major economies worldwide. First, advance estimates by the Central Statistical Office under MoSPI take India's GDP growth at 6.4% for FY25, supported by revival in private consumption and strong performance of exports, particularly services.

With a resilient economic outlook and supportive government, India is expected to continue solidifying its status as one of the most attractive global investment destinations.

Global equity market performance was mixed in the quarter ending December '24. In the US, expectations of renewed growth under the new administration sparked a rally in US equities markets. Other regional markets, however, came under pressure due to concerns over potential tariff hikes and the strengthening of the US dollar. Indian markets were no different, ending the quarter in red though the full-year return remained in positive territory for the ninth consecutive year.

Over the past 10 years, the NIFTY50 index has given an annualized return of over 11%, surpassing the 8% return of the MSCI World Index and the 1.2% return of the MSCI Emerging Market Index. Globally, India with a market capitalization of US\$ 5.1 trillion as of December 31, 2024, remained the fourth largest market in the world after the US, China and Japan.

The shareholding of domestic institutional investors in Indian capital markets for the quarter ended December 31, 2024, increased to an all-time high of close to 16.9% led by strong participation from domestic investors, both institutional and individuals.

Let me highlight a few of the several milestones that NSE surpassed in calendar year 2024. The unique registered investor base on the NSE directly investing through the exchange surpassed the significant milestone of 11 crores on January 20, 2025. Additionally, the total number of accounts registered with the exchange exceeded 21 crores. The last 1 crore member of the investor community came in just over a 5 months' time-period. Investors are now registered in all but 30 pin codes across the country.

NSE retained its position as the largest derivatives exchange in the world in terms of the number of contracts traded. NSE also improved its ranking to become the second largest global exchange in the equity cash segment based on the number of trades per day. Net investments by individual investors in the NSE's cash market segment at over Rs 56,000 crores in Q3 FY25 were the highest ever, translating into record net investments of Rs 1.7 lakh crore or US\$ 19.8 billion in calendar year 2024.

Net inflows by domestic institutional investors also surged, reaching Rs 5.3 lakh crores or US\$ 63 billion in 2024, surpassing the combined net flow of the previous 2 years. In the calendar year 2024, NSE became a global leader in capital raising. NSE facilitated 268 successful listings across mainboard and SME platform, cumulative raising Rs 1.67 lakh crores or US \$19.5 billion which was the highest equity capital raised in primary market globally. NSE also achieved a milestone of highest number of IPOs in Asia. NSE continued to act as a catalyst for capital formation with total mobilization of Rs 17.9 lakh crores or US\$ 209 billion in calendar year 2024.

NSE remains committed to investing in technological capabilities and infrastructure to provide seamless experience to the investors. As part of our data center offerings, NSE is now one of the largest co-location facility providers in the world with a combined capacity of over 1,200 full-rack equivalent capacity being made available to market participants.

In the commodity derivatives segment, where over 25 products are now available on the NSE platform across energy, bullion and base metals baskets have recently expanded the high bandwidth POP-based leased-line connectivity options. With over 240 members now set up to trade commodity derivatives on NSE and the record increase in volumes and participation, the increased bandwidth options will provide enhanced and wider range of options for market access for members.

Members participating in commodity derivatives segment can now subscribe to Multicast Tick by Tick market data broadcast on higher bandwidth leased-lines up to 300 Mbps vis-a-vis current bandwidth options of 20 Mbps. As a frontline regulator, NSE continues to work diligently towards developing fair, efficient and transparent markets. Investor protection and awareness forms an essential function for NSE to safeguard investors from fraudulent activities. The corpus of NSE Investor Protection Fund Trust, as on December 31, 2024, increased to Rs 2,355 crores.

Let me now highlight the key achievements of few of our key subsidiaries. NSE Clearing Limited (NCL) is the leading clearing corporation in India which clears more than 95% of the trades executed in equity and equity derivatives in India.

NCL's dedication to best practices continues to be recognized globally. During the quarter, NCL won the highly commended recognition for “Best Regulatory Change Management Initiative” at the Regulation Asia Awards for Excellence 2024. Additionally, NCL also won the award for “Outstanding Innovation in Asset Servicing” at the Asset Servicing Times 2024 Industry Excellence Awards.

NSE International Exchange (NSE IX) at GIFT City, Gandhinagar continues to be well positioned with a market share of almost 96% in the markets business in GIFT’s IFSC. On November 4, 2024, NSE IX won the “Exchange Initiative of the Year” accolade at the Regulation Asia Awards for Excellence 2024 in the markets and infrastructure category. During the quarter, NSE IX launched derivatives contracts on Nifty BHARAT Bond prices, the first ever fixed income derivatives in International Financial Service Centres (IFSC), for trading with monthly and half yearly cycles. The product would help investors to manage exposure in the Indian bond market.

I am happy to announce that we remain on track to divest our non-core businesses. During the quarter, NSE Investments, which held 20.34% stake in Protean eGov Technologies Ltd., sold its entire stake through offer for sale through exchange mechanism. Further, NSE Investments Ltd. and NSEIT entered into definitive agreements on January 31, 2025, with CL Educate Ltd. for sale of 100% stake in NSEIT.

With this overview, I would like to hand over the call to my colleagues, CFO - Shri Ian Desouza and CBDO – Shri Sriram Krishnan, to discuss the financial and operational business performance of the exchange respectively in further details. Over to you, Ian.

Ian Desouza:

I will now cover the financial performance for the quarter and nine months ended December 31, 2024, in detail. NSE Group’s consolidated total income, increased by 21% year-on-year (YoY) to Rs 4,807 crores in Q3 FY25, driven by growth in transaction charges, data centre and connectivity charges, and listing services. However, on a sequential basis, the consolidated income declined 4% on account of a reduction in volumes primarily across cash market and derivatives segments.

Income from data centre and connectivity charges constituted 6% of the consolidated total income, an increase by 4% QoQ to Rs 305 crores. Income from listing services that includes book building fees, listing fees and processing fees for listed entities, for the current quarter increased 24% QoQ to Rs 99 crores. This was largely driven by an increase in book building fees due to an increase in capital raised on the NSE platform. Income from clearing and settlement charges declined by 17% QoQ to Rs 84 crores on account of a reduction in transaction volumes. Other income including investment income stood at Rs 457 crores for the quarter.

On a consolidated basis, the total expenditure in Q3 FY25 declined by 17% QoQ to Rs 1,084 crores primarily on account of a reduction in expenses relating to regulatory fees. There was a one-off item in the previous quarter i.e. Q2 FY25 relating to SEBI settlement fees which at a group level was Rs 670 crores. This was offset by a net provision reversal in Core SGF of Rs 426 crores in the previous quarter. The contribution to Core SGF in Q3 FY25 was Rs 68 crores.

NSE continues to invest in technology, in order to maintain one of the more robust state-of-the-art technology-led trading platforms in the world. In Q3 FY25, the spend towards technology expenses increased by 20% QoQ to Rs 270 crores and this constituted 25% of the total expenditure. The operating EBITDA in Q3 FY25 grew 2% QoQ to Rs 3,398 crores.

During the quarter, the profit from sale of investments in an associate which was a 20.34% stake in Protean eGov Technologies Limited via subsidiary NSE Investments Limited resulted in a gain of Rs 1,155 crores. Net profit after tax grew 22% QoQ in Q3 FY25 to end at Rs 3,834 crores. Excluding the gains from sale of investments in subsidiaries and the impact of expenses relating to SEBI settlement fees in the previous quarter and reversal of provision for Core SGF witnessed in the previous quarter, the normalized consolidated profit before tax in Q3 FY25 declined 3% QoQ to Rs 3,770 crores.

Earnings per share on a non-annualized basis for Q3 FY25 increased to Rs 15.49 per share from Rs 12.68 per share in Q2 FY25. This takes into account the impact of issuance of bonus shares in the previous quarter in the ratio of 4:1. For the nine-months ended December 2024, the Group's total income on

a consolidated basis increased 30% QoQ to Rs 14,780 crores and net profit was up by 64% YoY to Rs 9,538 crores. Earnings per share on a non-annualized basis for the nine-month period was Rs 38.54 per share.

On a standalone basis, the exchange's total income in Q3 FY25 decreased 19% QoQ, primarily on account of the impact of a subsidiary dividend that was recognized in Q2 FY25. The revenue from operations, however, was Rs 3,945 crores which was up by 24% YoY and sequentially down by 2%, largely on account of a QoQ reduction in transaction charges due to lower volumes primarily across cash market and derivatives segments.

Operating EBITDA at Rs 2,807 crores, was up 8% QoQ. Revenue from transaction charges constituted 80% of the total income and declined 4% QoQ. Transaction charges from equity options contributed 78% of total transaction revenue while cash market and equity future segments contributed 11% each respectively.

Standalone net profit after tax declined by 22% QoQ to Rs 2,291 crores from Rs 2,954 crores. This is largely on account of the subsidiary dividend that was received in Q2 FY25 which was alluded to, earlier.

For the nine-months ended December 2024, the total income on a standalone basis increased 33% YoY to Rs 13,964 crores of which revenue from operations was Rs 12,038 crores. Operating EBITDA increased by 44% YoY to Rs 7,799 crores. Net profit after tax increased 51% YoY to Rs 7,205 crores with PAT margin at 52% for the nine-months ended December 2024.

In the nine-months period, NSE contributed Rs 45,499 crores to the Exchequer which comprised STT and CTT of Rs 37,271 crores, Stamp Duty of Rs 2,976 crores, SEBI Fees of Rs 1,613 crores, Income Tax of Rs 2,173 crores and GST of Rs 1,466 crores.

I shall now cover few aspects of key subsidiary companies. Total revenue reported by NSE Clearing Limited, on a standalone basis, increased by 18% YoY to Rs. 697 crores in Q3 FY25 and profit after tax increased by 12% YoY to Rs 413 crores. During the quarter, NSE's GIFT City Exchange continued to grow strongly. For the quarter, NSE Gift City Exchange reported a revenue of Rs 33 crores. Revenue from two other subsidiaries NSE Indices and NSE Data

& Analytics Limited was Rs 40 crores and Rs 89 crores respectively in Q3 FY25.

With this overview, let me hand over the call to my colleague Shri Sriram Krishnan, Chief Business Development Officer of NSE to discuss the operational performance of key businesses. Thank you.

Sriram Krishnan:

Thank you, Ian. Good evening, everyone. I will discuss the trends and highlights across our key products and business segments.

Let me start by covering the Listing Services segment. NSE remains the preferred exchange among corporates in India for raising capital. In the nine-months of financial year 2025, total funds worth Rs 14.1 lakh crores were mobilised by companies via equity, debt and business trusts. In nine-month of FY25, the overall capital raising through equity issuances increased to Rs 3.8 lakh crores, which was nearly 2.45 times the amount raised in the corresponding period last year.

We continue to witness large deals on main board IPOs as we had some successful listings like Hyundai, NTPC Green, Swiggy, Vishal Mega Mart etc. during the quarter. The amount of equity capital raised through IPOs, fresh listings and OFS together on the main board platform was Rs 1.46 lakh crores in nine-months of FY25, which was three times the amount raised in nine-months of FY24.

NSE EMERGE, our platform for SME IPOs, saw a total of 140 companies collectively raising Rs 5,884 crores in nine-months of FY25, surpassing the total number of listings in FY24. The total number of companies listed on the NSE EMERGE platform stood at 587 as of December 31, 2024. Notably, 142 SMEs have migrated to the main board underscoring the platform's role in supporting SME growth and integration into larger markets. Further, a total of Rs 10.23 lakh crores of funds were mobilised through debt instruments i.e. CPs and NCDs through 2,120 listings.

NSE remains committed towards moving the secondary market for corporate bonds from a bilateral OTC market towards a dynamic electronic debt market platform. Our RFQ platform is designed to enhance secondary market liquidity for all types of debt instruments. NSE continues to maintain

leadership across products with a significant market share in cash market, equity and currency derivatives as well as interest rate futures.

The average daily trading volumes, ADTV, across three products such as cash market, equity futures and equity options saw a sequential QoQ decline on account of slowdown in market activity, amidst FPI outflows and regulatory measures.

In terms of volumes, the NSE's average daily turnover in the cash segment in Q3FY25 was Rs 1.04 lakh crore reflecting a 19.3% decline compared to the previous sequential quarter but grew by 29% YoY as compared to the corresponding quarter last year. The average daily turnover in the equity options segment based on the premium value of options declined by 7% QoQ reaching Rs 61,295 crores in Q3FY25. This partly reflects the impact of recent measures taken by SEBI in equity index derivatives aimed at enhancing investor protection and market stability.

The average daily turnover in the equity futures segment also declined by 15% QoQ to Rs 1.72 lakh crores in Q3FY25. In the commodity derivatives market, we have seen a considerable increase in interest in our crude oil options contracts which we launched last year. The average daily traded quantity rose by 43% QoQ to 7.09 million barrels in Q3FY25. We remain committed to evaluate new products which would benefit and add value to market participants.

Coming to our data centre and connectivity segment, we have recently ramped up the co-location capacity at the exchange to 1,200 full rack equivalents as part of our commitment to service excellence. Looking at the development in the Indian financial markets and demand from market participants, NSE plans to add over 300 full rack equivalent capacity by the end of Q1FY26. Further, the exchange also plans to add another approximately 2,000 full rack equivalent capacity on a need basis in a phased manner over the next 2 years.

NSE continues to empower investors with knowledge, information and data for taking informed decisions while investing. During nine-months of FY25, NSE conducted a total of 7,870 Investor Awareness Programmes, that is IAP's covering about 4.4 lakh participants through webinars and on-ground

seminars. This is nearly double the campaigns conducted in the corresponding period of the previous year. NSE is currently conducting IAPs under the directives of SEBI for the employees of top 50 listed companies by market capitalisation.

During the quarter, NSE also signed MOUs with Zomato and Swiggy to promote financial literacy and investor awareness among their delivery partners. We have already conducted 27 IAPs attended by 3,000 plus participants. As part of Project Gaurav, a student skill development programme that NSE has undertaken in Uttarakhand, a total of 2,772 students have been trained and 2,273 students have passed the exam through online and offline mode covering 9 out of 13 districts in Uttarakhand. We plan to start Level 2 NISM Regulatory Certification for the successful candidates in the state of Uttarakhand.

NSE has also signed MOUs with the Government of Meghalaya and Chhattisgarh to implement student skill building programmes for the youth in the BFSI sector. NSE is also in the process of signing MOUs with the Governments of Odisha, Assam and Goa. I shall now cover a few aspects of our key subsidiary companies.

For NSE Indices, as of December 31, 2024, a total of 376 passive funds i.e. ETFs and index funds in India with cumulative assets under management of passive funds of Rs 7.5 lakh crores were tracking NIFTY indices. These together accounted for 73% of equity and debt passive funds assets under management of Rs 10.7 lakh crores in India. Further, there are 30 ETFs and index funds and 2 ETNs tracking NIFTY indices in international markets with a total AUM of US\$ 4.7 billion as of December 31, 2024. NSE data that manages and disseminates the exchange continues to see an expansion in its client base for both real-time data and historical data.

In the CKYC business, a total of 7,798 entities were live on CKYC-RR with more than 98 crores KYC records registered on CKYC-RR and over 133 crores download as of December 31, 2024.

NSE International Exchange at GIFT City, Gandhinagar continues to witness strong activity. As of December 31, 2024, total UCCs registered were 54,782. NSE IX has a total number of 76 registered members of which 60 members

were enabled. Average daily volumes in GIFT NIFTY contracts for Q3FY25 was 87,676 lots and average daily turnover was US\$4.16 billion.

On the debt-listing front, total MTN programs of US\$51 billion were established on NSE IX as of December 31, 2024, while total issued and listed debt securities on NSE IX stood at US\$30.8 billion.

With this, let me now hand over the call to the operator for the Q&A session.

Moderator: Thank you very much. We will now begin with the question-and-answer session. The first question is from the line of Supratim Datta from Ambit Capital. Please go ahead.

Supratim Datta: Thanks for the opportunity. You listed out your plans on your commodity segment of the business. However, this is a segment where you have been trying to build this segment since the last 5-6 years. I just wanted to know what really will need to change for the liquidity benefits that your peer has in this segment, a similar kind of thing for you to replicate, what will need to change or what can you do to get these volumes up? I understand you have launched newer products, but anything further that you can do to really ramp volumes in this segment, that's one. And secondly, on the technology side, you said that you would be rolling out 300 racks by first quarter and 2000 racks over the next 2 years. Just wanted to understand what would be the capex outlay behind this?

Sriram Krishnan: Thank you for that question. As far as the first question is concerned regarding the commodity volumes. NSE has made significant progress in gaining market share in commodities. We have built up liquidity which is more than Rs 15.19 lakh crores in 9MFY25 as against Rs 3.88 lakh crores in FY24. Members are still getting connected to us. More and more members are applying for algorithmic trading and approvals. This is because co-location is not permitted in commodities. As participation improves and more and more algo members start trading, you will see a bigger liquidity advantage here also. We are banking on our superior, safe and resilient technology and extensive management strength to further ramp our foothold in the commodities segment.

Ian Desouza: On the second question with respect to the capex outlay on co-location, this capex outlay will be over a period. It will not be upfront. So, over a period we would probably spend close to around Rs 300 crores for a 1200 rack capacity expansion, but you have to understand it will be spread over a period of 18 months to 24 months. It will not be upfront.

Moderator: Thank you, sir. The next question is from the line of Gurpreet Sahi from Goldman Sachs. Please go ahead.

Gurpreet Sahi: Thank you for the opportunity, management. So, the first question is regarding this options market share. We are losing share after the shift of expiry days from 1st of January this year for Tuesday at BSE and Thursday at NSE. So, what is our strategy? Is there a strategy to change the expiry days that allowed and how do we combat this? Because as of now, the retail traders or traders who prefer trading closer to the expiry are only getting two days at NSE Wednesday and Thursday.

And then second question, if I'm allowed sir, is regarding the cash. So, the single contract note that maybe is in the works and could be introduced, would that lead to any share change or institutions trading differently in the cash market and any market share implications for us?

Sriram Krishnan: As far as the market share is concerned, in the last one-year, NSE has gained market share in cash markets, cash equities by 2%. We also have 100% market share in index futures and stock futures. In currency options in Q3FY25, currency derivatives saw a jump in daily average turnover, which is Rs 6,559 crores by 93% when compared to Q2 FY25 when it was Rs 3,407 crores.

As far as options trading volumes are concerned, SEBI has introduced certain rules in order to arrest the momentum, particularly on the expiry days with respect to high volumes which have been experienced. And therefore, all exchanges in the market have witnessed a slight decline in options trading volumes which we have explained on this call.

Sriram Krishnan: There was another part to the question on the single contract note. The common contract note has been there - it's not something new; it's been there for the last 10 years. Only the format of the contract note has changed. So,

we are unable to arrive at the go-live date because the market participants have requested for extensions as everybody does not seem to be ready. This is where we are at the moment and whenever everybody is ready, we will go live with the common contract note.

Moderator: Thank you. We'll take the next question from the line of Pulkit Singhal from Dalmus Capital Management. Please go ahead.

Pulkit Singhal: Thank you for the opportunity and congrats on managing the situation very well in third quarter. First question is on the cash balance. We have a Rs 60,000 crores kind of cash balance and we generate almost Rs 10,000 to Rs 15,000 crores of CFO every year. So, what is our thinking around utilization of cash?

Because we are concerned that if it lies in the balance sheet, it may find its way through various funds and tax authorities, etc. So, if you could comment on that.

The second question was just following up on the previous question was on the options market share. Is there anything that we can do to address the market share decline or it's largely external forces and it will settle by the end of the second quarter?

Ian Desouza: So, I'll take the first question. So, I don't know the source of the Rs 60,000 crores figure. So, we're looking at it as - you are also probably counting the cash balance which is due on account of upstreaming of collaterals. So, that's a significant number where those funds don't belong to the NSE group. Those are actually of market participants. So, you need to discount that Rs 20,000 crores figure, but speaking, since this is an NSE call, I will speak from the standalone balance sheet. So, from consolidated balance sheet, you need to remove Rs 20,000 crores which is upstream funds, which fluctuates on a day-to-day basis, but in the standalone balance sheet we have cash of around Rs 20,783 crores at the end of the quarter.

And out of that, Rs 8,500 crores is required for risk capital. So, there's just about Rs 12,000 crores of cash other than what we need to keep as risk capital. Those are the numbers I just like to leave with you.

Ashishkumar Chauhan: On the index options side, there are many things that can be done. But SEBI's new regulations are still coming in at different timeframes. So, all the frameworks are still not implemented. It will be up to April 2025, I think. And some more also probably may come up. So, once you see all of that, we'll have to take a call. In the meantime, also, NSE naturally will take additional set of calls to ensure that it remains the primary index options exchange.

But in stock options, you might have seen we have added many more stocks with the approval of SEBI. And that business is increasing quite rapidly. So, sometimes you are made to look at only one corner of overall things and you think that is the only thing that happens in the world. But there are many other areas also where NSE is gaining market share. In equities, NSE has gained market share by two percentage points from 92% to 94% in the last one year.

Moderator: Thank you. We'll take the next question from the line of Devesh Agarwal from IIFL Securities. Please go ahead.

Devesh Agarwal: Thank you for the opportunity, sir. And congratulations on a good set of numbers. Firstly, sir, I must say the new presentation captures a lot more information and I think almost covers all the datapoints that we need. So, great work on that. My first question in terms of new derivative regulation is, we have seen a sharp decline in the notional volumes of more than 50% in January over October.

And even in the premium turnover if we talk about, we are seeing almost a 25% decline over the same time frame. So now given that most of your regulatory changes have gone live, do you think that the impact of these regulations is largely capturing the base and we can see some improvement in the volumes going forward? That is my first question.

And second question, although you did touch upon commodities as an opportunity, but which other areas do you think can potentially work for NSE and contribute to the profits over the next two, three years? These are the two questions?

Ashishkumar Chauhan: India is still what I call very unexplored market. There are 11 crores investors, but India has 142 crores citizens, which account for 17% of world population. So, we have a long way to go in terms of going through all the

individuals. And of course, there are going to be many more institutions coming up over the next decades.

And so, there is enough, and more work cut out for NSE, whose main purpose is to channelize the savings of the households into productive capital via the exchange mechanism. And all the SEBI norms are not yet implemented. Many of them are yet to be implemented. Some more are being discussed which may come later. And so, there is enough and more expected going forward.

Moderator: Thank you. We'll take the next question from the line of Surabhi Saraogi from SMIFS Capital Markets Limited. Please go ahead.

Surabhi Saraogi: Thank you for the opportunity. Sir, my question is that SEBI has recently implemented a lot of restrictions on options trading like margins have been increased and expiry dates have been reduced. So, taking account all these events and excluding the exceptional income for this quarter of Rs 1,100 crores, can we take the EBITDA as a normal for this quarter going ahead?

Ian Desouza: So, I'll take that question. I think it is difficult to predict as our MD said earlier, there could be additional measures that could come in. Secondly, there is a regulation that got applicable from January onwards on the Nifty 50 relating to market lot size. So, this got applicable to our weekly contracts.

Now we will see that impact on our monthly contracts as well. So, in the month of January, we have not seen much impact on premium turnover, but that could happen in the following month. So difficult to comment on your question whether the Q3 EBITDA can be considered as a normal base.

Moderator: Thank you. We'll take the next question from the line of Vishal Gupta from Altius Investech Private Limited. Please go ahead.

Vishal Gupta: Thank you, ma'am for the opportunity. I have two questions. The first thing is that considering the market situation, what would be the future impact of derivatives in NSE? And the second question is, what is the future plan of the IPO of NSE as there are too much news going on? So, it would be better if there is some official comment on the rumour that is going around in the market?

Ashishkumar Chauhan: So future impact of derivatives on NSE is difficult to estimate as of now because some measures of SEBI have already been implemented. Some measures are yet to be implemented. Some more measures might be announced later and so it is very difficult. Your guess will be probably better than our guess because we are not market participants. We are just infrastructure providers.

And the IPO, as and when the approval is received from the regulator, NSE will go ahead and file its DRHP. Today, NSE does not have approval to file for DRHP.

Moderator: Thank you. The next question is from the line of Vineet Sharma from Paritra Research. Please go ahead.

Vineet Sharma: Firstly, congratulations management on such robust numbers in a difficult operating environment. My question relates to reports that NSE Clearing has fallen short of meeting its mandatory liquidity requirements and that the situation has been precipitated by long standing and substantial receivables of over Rs 300 crores from BSE. So, I just wanted management's comments on how we propose to manage and address this situation?

Ian Desouza: This is an issue which is not pertaining to the parent, which is NSE. So, this is an issue which will have to be dealt by the NCL management. NSE Clearing is an independent company. So, the company will have to find a way forward and use whatever means that are available to them to take recourse. This is a commercial issue. This amount is payable ever since the beginning of this financial year. As of now, we are not aware of the strategy of NCL in this regard.

Moderator: Thank you. The next question is from the line of Vivek Patel from Ficom Family Office. Please go ahead.

Vivek Patel: Thanks a lot for the opportunity. So as per the January edition of the Market Pulse table 64, average daily turnover for the Bank Nifty fell by 42% month-on-month and that for Nifty 50 increased by 28% month-on-month. So, would it be correct to interpret that of the 42% volume lost in the Bank Nifty, 28% is absorbed by Nifty 50 and overall volume loss is to the tune of 14%, and also

what will you expect the volume loss system to be going ahead and its impact on the revenues and margins on FY26 for year basis?

Another one would be, would it be correct to assume that there will be no sizable regular contribution to the core SGF as it has reached the same size of Rs 10,500 crores? If not, then how much would you set aside as a percentage of revenue going ahead?

Ashishkumar Chauhan: So, on the first question, your assumptions are as good as mine or your interpretation is even probably better than mine, but everyone will have their own interpretation and all of us can be right or all of us can be wrong. It is very difficult to comment on that. In terms of the contribution to core SGF, we have reached a particular level which SEBI had prescribed and now onwards the Board has decided to not go ahead and provide additional contribution to core SGF as of now.

Moderator: The next question is from the line of Saurabh Bansal from Star Finvest. Please go ahead.

Saurabh Bansal: Good afternoon and congratulations on the very good numbers given the volatile macro and business environment. I have just one question, small question and that is by when can we expect the associate company NSDL's public issue, especially in the background that the regulator has already given it go ahead back in October?

Ashishkumar Chauhan: So NSDL as you rightly said has been given approval by the regulator. Their new CEO who has joined, Mr Vijay Chandok and their Board will take a decision in consultation with the management as and when they can come out with their IPO. I think they have approval up to a particular date and hopefully they will be able to meet that deadline for the IPO.

Moderator: Thank you. We will take the next question from the line of Bhavin Jatania from Confido Capital. Please go ahead.

Bhavin Jatania: Thank you so much for the opportunity. Just one quick query on the future exits or divestments from investing companies. Just like we saw from Protean, would love to understand your feedback on NSDL and if there are any plans imminent of the approval coming in and IPO being readied?

Ashishkumar Chauhan: On the NSDL, we currently own 24%. As per the regulatory needs we need to go down to 15%. So, the IPO is also having as part of it, 9% divestment from NSE shareholding in NSDL. That is the current plan.

Moderator: The next question is from the line of Apoorv Bandi from Whitestone Financial Advisors Private Limited. Please go ahead.

Apoorv Bandi: Thanks for the opportunity. Sir, one question that as exchanges are now allowed to offer index derivative products expiring only one day a week. So, is there a possibility that new exchanges can set up newer products on days not taken up by the other exchanges like which can eventually impact the future growth of NSE? What are your views on this?

Ashishkumar Chauhan: It is again for SEBI to look into the matter. We have been basically given the framework in which we need to have expiry on a particular day of the week, and we have to comply with that.

Moderator: Thank you. The next question is from the line of Karan Thakkar from PM Securities. Please go ahead.

Karan Thakkar: Yes, sorry. My questions have been answered. Thanks.

Moderator: Thank you. We will take the next question from the line of Rajamohan Vaikuntaraman an Individual Investor. Please go ahead.

Rajamohan V: Yes. Thank you for the opportunity and congratulations on another robust set of numbers. Though you answered to the previous participant's question about not being able to commit to a number in terms of cushioning of the weekly Bank Nifty options loss of business by Nifty50, you had indicated to some spillover in the previous call, towards Nifty50 which could cushion the losses of this weekly Bank Nifty?

And so basically, I wanted to understand, can one say, though this 28% gain in Nifty 50 that was seen may not be a static number, can one presume that there will be some spillover and some amount of cushioning happening on a steady state kind of basis to the loss in the weekly bank Nifty?

Ashishkumar Chauhan: There are too many parameters which are yet to stabilize, including the new SEBI regulations, even intraday monitoring and other things. So, it remains to

be seen. Probably we will come to know if there are no new measures coming probably by May-June. We might have some idea of what I call steady state numbers that does not mean that it will not work with the rest of the market conditions, but currently it is early days.

Moderator: Thank you. The next question is from the line of Aman Dugar from Nuvama Wealth. Please go ahead.

Aman Dugar: So, my question is about the co-location location facility. So, there are different, so like how many subscribers are there for this facility and like each one, how many do they subscribe to while choosing the connection like on an average, which message category do they subscribe for?

Ian Desouza: So, Aman, we'll come back to you with this detail separately offline. As of now, we don't have this detail on hand, but we did allude that we currently have a capacity of 1200 full rack equivalents and our CBDO also mentioned the expansion plan, but we'll come back to you on your specific question separately.

Moderator: Thank you. The next question is from the line of Saurabh Bansal from Star Finvest. Please go ahead.

Saurabh Bansal: Thank you again. Just one question, sir. What is the kind of impact with the proposed SEBI regulations regarding separation of clearing operation from the main exchange? What is the kind of proposals which are on and what do you think is the way forward for that, if you could share some light on that?

Ian Desouza: So as of now, these regulations are still a discussion paper. It has not converged to a kind of a draft circular or a guideline. So, it's early days. We have given our feedback as NSE to SEBI. And finally, a call will be taken by the regulator, keeping in mind the practical reality of the situation.

Moderator: Thank you. We'll take the next question from the line of Kunal Kaul from Blue Edge. Please go ahead.

Kunal Kaul: Hi, good evening. Just very quickly out of the Rs 3,975 crores, revenues from trading in this quarter, how much would be the contribution from GIFT versus domestic?

- Ian Desouza:** From GIFT city, are you saying?
- Kunal Kaul:** Yes.
- Ian Desouza:** Transaction charges around Rs 30 crores.
- Moderator:** Thank you. Ladies and gentlemen, we'll take the last question for today, from the line of Praveen Malik, an individual investor. Please go ahead.
- Praveen Malik:** First of all, congratulations for the good set of numbers. And thanks for giving a chance to interact. My query is regarding in the last concall, you have mentioned that NSE has submitted to SEBI for filing of DRHP, which will be required to go ahead with the IPO. Have we received any answer from the SEBI?
- Ashishkumar Chauhan:** We have not yet received the approval for that.
- Praveen Malik:** Okay, sir. Thank you, sir.
- Moderator:** Thank you. Ladies and gentlemen, as that was the last question for today, I would now like to hand the conference over to Shri Ian Desouza for closing comments. Over to you, sir.
- Ian Desouza:** So, I would like to thank all the members on the call for your interesting set of questions. And look forward to meeting you in the next conference call. Thank you very much and have a great day ahead.
- Moderator:** Thank you, members of the management. On behalf of National Stock Exchange of India Limited, that concludes this conference. We thank you for joining us and you may now disconnect your lines. Thank you.