



“National Stock Exchange of India Q2 FY25 Earnings Conference Call”

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MANAGEMENT:

SHRI ASHISHKUMAR CHAUHAN - MD & CEO, NSE
SHRI SRIRAM KRISHNAN - CHIEF BUSINESS DEVELOPMENT OFFICER, NSE
SHRI IAN DESOUZA – CHIEF FINANCIAL OFFICER, NSE
SHRI PIYUSH CHAURASIA -
CHIEF REGULATORY OFFICER - MEMBER COMPLIANCE, SURVEILLANCE, MEMBER INSPECTION & INVESTIGATION, NSE
SHRI ANKIT SHARMA - CHIEF REGULATORY OFFICER - LISTING AND INVESTOR COMPLIANCE, NSE
SHRI SOMASUNDARAM K S - CHIEF ENTERPRISE RISK OFFICER, NSE
SHRI VIRAL MODY - CHIEF TECHNOLOGY OFFICER, NSE
SHRI MAYUR SINDHWAD - CHIEF TECHNOLOGY OFFICER, OPERATIONS, NSE
SHRI SAMPATH MANICKAM - CHIEF TECHNOLOGY OFFICER, TECHNOLOGY INFRASTRUCTURE, NSE
SHRI RAJESH THAPAR -
CHIEF INFORMATION SECURITY OFFICER, NSE
SHRI VIKRAM KOTHARI - MD, NSE CLEARING
SHRI MUKESH AGARWAL - MD, NSE INDICES & NSE DATA
SHRI NEERAJ KULSHRESTHA - MD, NSE IFSC CLEARING
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 Q2 FY25 Earnings 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 “*” and then “0” on your touchtone phone. Please note that this Conference Call is being recorded.

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

Ian Desouza: Thank you, Rutuja. Good morning, everyone and welcome to NSE's Earnings Call to discuss the Results for the second quarter and half year of the FY25.

I hope all of you are enjoying the festive Season and I wish all of you a very Happy New Year. 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 Piyush Chourasia – Chief Regulatory Officer; Shri Ankit Sharma – Chief Regulatory Officer (Listing and Investor Compliance); Shri Somasundaram – Chief Enterprise Risk Officer; Shri Viral Mody – Chief Technology Officer; Shri Mayur Sindhwad – Chief Technology Officer (Operations); Shri Sampath Manickam – Chief Technology Officer (Technology Infrastructure); Shri Rajesh Thapar – CISO, NSE; Shri Vikram Kothari – MD, NSE Clearing; Shri Mukesh Agarwal – MD, NSE Indices & NSE Data; Shri Neeraj – MD, NSE (IFSC Clearing); 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 morning, everyone. Wishing all of you a Very Happy Diwali and a Happy New Year. Hope you all had a joyous Diwali Celebrations.

NSE was incorporated on November 27, 1992. It started operations for debt segment in June 1994 and equity segment on the day of Diwali, November 3, 1994. I am happy to share that NSE has completed 30 years of its operations. In these 30 years, NSE has more than fulfilled its vision of creating a vibrant and growth-oriented stock market ecosystem to channelize savings of Indian households into productive capital in the most cost-effective, fair, efficient, transparent, and orderly ways and help India in capital formation, wealth creation, and job creation. NSE has grown to become the largest exchange in the world in terms of number of orders and trades. When NSE started operations, India's market capitalization was about 4 lakh crores. Today, it is about 440 lakh crores, i.e. an increase of 110x. This happened because NSE has acted as a catalyst in the job and wealth creation journey of India over the last 30 years for this great nation of ours. This is also an outcome of the cutting-edge technology that NSE has continuously deployed and evolved over these 30 years that allows it to handle almost 50% of all trades in the world on many days.

India's corporate governance standards have improved substantially and are considered above US and European corporate governance standards for the protection of small and minority investors that the regulator SEBI and NSE continuously update.

NSE's "Business" and "Financial Performance" for the quarter ended September 30, 2024, continued to be strong.

Before I move on to the details of the Business and Financial Performance of the Company, I would like to take this opportunity to highlight a few of the Key Business Developments:

On the macro front, the Indian economy has continued to display resilience remaining one of the fastest growing large economies in the world. This is reflected in recent GDP growth revisions by multilateral agencies such as the World Bank. The RBI estimate for FY25 GDP growth at 7.2% on top of an 8.2% growth in FY24, supported by strong growth investments and robust urban consumption demand.

India's robust economic landscape combined with supporting government initiatives is expected to maintain its status as one of the most attractive investment destinations globally. The rally in global equity markets gained momentum in the quarter ended September 2024, aided by rising expectations of rate cut by the US Fed. Indian markets were no different, supported by strong economic fundamentals. The benchmark Nifty50 index rose to a fresh all-time high level during the quarter, registering a return of 7.5% translating to a total gain of 15.6% in H1 FY25.

Mid and small-cap indexes outperformed in H1 FY25 with the Nifty Midcap 50 and Nifty Small-cap 50 index generating gains of 24.8% and 31%, respectively. Globally, India with a market cap of \$5.6 trillion as of September 30, 2024, remained the fourth largest market in the world after US, China (including Hong Kong) and Japan.

Strong economic resilience, easing inflation, an all-round growth-supportive budget, sustained domestic participation and renewed foreign capital inflows in the second quarter buoyed market performance.

Net inflows from foreign portfolio investors rose to a five-quarter high of \$11.6 million in the second quarter. Net investments by individual investors in the NSE's cash market segment at nearly Rs 57,000 crores in the H1 FY25, are not only the second highest inflow during this period in the last 10 years, but also have surpassed the full-year figures of the last two fiscal years.

The unique registered investor base on NSE directly investing with the exchange crossed the noteworthy 10 crores milestone on August 8, 2024. The total number of accounts registered with the exchange is now over 20 crores, and unique investors are now at 10.5 crores.

During the quarter ended September '24, NSE saw a listing of 26 IPOs on its main board raising capital to the tune of Rs 34,403 crores. During the quarter, NSE EMERGE achieved 500th SME listing milestone. 69 SME companies were listed on NSE during Q2 FY25, raising Rs 2,883 crores.

NSE also witnessed listing of other securities with around 530 commercial papers, raising funds of Rs 1.7 lakh crores during the quarter ended September 2024. We saw about 152 private placements of NCDs, raising Rs 1.9 lakh crores, and 28 public issues of NCDs raising Rs 996 crores, during the quarter ended September 2024.

Under the guidance of SEBI, NSE initiated a series of awareness initiatives across the country on Social Stock Exchange (SSE). The SSE platform has seen the encouraging response and reach the significant milestone of 10 projects of NPOs having raised over Rs 22 crores on the platform to support several initiatives to drive sustainable development goals.

NSE International Exchange at GIFT City, Gandhinagar has continued to hold a dominant market share of 96% in the current quarter, highlighting NSE IX's extensive leadership in GIFT IFSC. GIFT NIFTY contracts have set an all-time high monthly turnover of US \$101 billion for the month of September 2024. Average daily volumes in GIFT NIFTY contracts for Q2 FY25 is 92,350 lots with average daily turnover of US \$4.5 billion. Total demat accounts increased 10x quarter-on-quarter in GIFT City to 34,924 as of September 30, 2024.

NSE IX has a total number of 77 registered members as of September 30, 2024, of which 60 members were enabled. On debt listing front as of September 30, 2024, total MTN programme of \$51 billion were established on NSE IX; while total issued and listed debt securities on NSE IX was \$29 billion.

The new IFSCA Regulations 24, which came into effect on August 30, 2024, have been designed to facilitate easier capital raising to equity on the IFSC stock exchanges. This regulatory shift opens up opportunities for a more dynamic and diverse equity market, making the IFSC a global hub for capital raising.

NSE Sustainability Ratings and Analytics Limited incorporated on March 30, 2024, received license as an ESG rating provider under category one as defined under section 28(D) of SEBI's credit rating agencies (Amendment) Regulations, 2023 on August 13, 2024. NSE sustainability would assess the Environmental, Social and Governance performance of listed companies to provide ESG ratings. We are targeting to launch ESG ratings in December 2024.

NSE aims to empower common investors with knowledge, information, and data for taking informed decisions while investing. NSE imparts investor awareness and education campaigns through a combination of print, electronic, and internet media. During H1 FY25, NSE conducted a total of 4,205 investor awareness programs, covering about 2.3 lakh participants by webinars and on-ground seminars. This is more than double the campaigns conducted in the same quarter in the previous year. This also includes 102 regional seminars conducted along with SEBI.

NSE and Government of Uttarakhand (in presence of SEBI), signed an MoU for project GAURAV, a skill development project to make youths employable or provide self-employment opportunities. As of September 2024, a total of 1,809 students have been trained in Uttarakhand, and 1,394 students have passed the exam through online and offline mode, covering 9 out of 13 districts in Uttarakhand.

NSE has increased the maximum compensation limit from the Investor Protection Fund to Rs 35 lakhs from Rs 25 lakhs since August 13, 2024. The Investor Protection Fund compensates investors in the event of defaulters' assets not being sufficient to meet the admitted claim of investors. The corpus

of NSE IPFT as on September 30, 2024, has increased to Rs 2,237 crores from Rs 2,112 crores as on June 30, 2024.

On September 20, 2024, SEBI communicated its acceptance of the revised settlement application filed by NSE with respect to the show cause notice dated February 28, 2023, in the trading access point matter for an amount of Rs 643 crores which was paid by NSE on September 25, 2024. The settlement order has been issued by SEBI on October 4, 2024.

On September 13, 2024, SEBI disposed of show cause notice dated May 17, 2023, in relation to the co-location matter against NSE without any directions and there was no evidence establishing collusion or connivance.

On July 24, 2024, NSE has withdrawn both the appeals which were filed by NSE before Honorable Securities Appellate Tribunal (SAT), against SEBI's whole-time member's order dated April 30, 2019, and adjudicating officer's order dated June 30, 2022, pertaining to governance and conflict of interest matter. NSE has settled and paid a monetary penalty of Rs 1 crore (along with the interest as on the date of payment) levied by the adjudicating officer order dated June 30, 2022, and is in the process of complying with other directives as applicable, passed by the whole-time member in the order dated April 30, 2019.

In terms of volumes, during Q2 FY25, NSE's average daily turnover in cash segments stood at Rs 1.29 lakh crores, which grew 5% over the previous quarter ended June 2024, and a robust 66% over the same period last year. In H1 FY25, average daily turnover in the cash segment rose by 84% year-on-year to Rs 1.26 lakh crores.

Average daily turnover in the option segment on premium value of options declined 9% quarter-on-quarter but expanded by 8% year-on-year to Rs 65,648 crores in the quarter ended September 2024. The average daily turnover in futures segment also declined 4% quarter-on-quarter, but grew by a strong 64% year-on-year to Rs 2.02 lakh crores during the quarter ended September 2024.

In the Commodity Derivatives segment, we have products of futures and options on all key products in energy, bullion and base metal category available on our platform. Over the past year, more than 1 billion barrels have been traded. With 240 members enabled, of which 140 are trading actively; the growth has been remarkable. The average daily trading quantity has seen a significant rise, doubling from ~2.5 million barrels per day in FY24 to over 5.6 million barrels in FY25. Moreover, the NSE crude oil options have clocked an impressive turnover, exceeding Rs. 6.9 lakh crores.

On fixed income, in H1 FY25, the RFQ daily average turnover surged by 29% year-on-year. More than one lakh transactions were recorded by OBPPs (online bond platform providers) with 14 active OBPP members participating in FY25.

I shall now come to the Financial Update for the Quarter and Half Year ended September 30, 2024:

NSE Group's consolidated total income increased by 25% year-on-year to Rs. 5,023 crores in Q2 FY25, mainly driven by growth in transaction charges, clearing & settlement fees, and data centers as well as connectivity charges. Consolidated total income, during the quarter, comprises 71% from transaction charges, 15% from treasury income, 6% from data center connectivity charges, and 2% from clearing, 2% from data services, 2% from listing services, 1% from index services, and 1% from other operating income.

NSE Group maintains one of the most robust state-of-the-art and the largest trading platform of technology in the world. To cater to such high volume, NSE needs to continuously invest in technology. In Q2 FY25, NSE Group has spent Rs. 225 crores towards operational expenses of technology

Group's net profit after tax increased 57% year-on-year in Q2 FY25 to Rs. 3,137 crores. Earnings per share on a non-annualized basis for Q2 FY25 increased to Rs. 12.68 per share from Rs. 8.08 in Q2 FY24 (after considering the issuance of bonus equity shares in the ratio of 4:1). On an annualized basis, this is equivalent to Rs. 50.72 per share on new number of shares and Rs. 253.60 per share on old number of shares.

For the half year ended September 2024, the Group's total income on a consolidated basis increased by 35% year-on-year to Rs. 9,974 crores with net profit increased by 48% to Rs. 5,704 crores. Earnings per share on non-annualized basis in H1 FY25 increased to Rs. 23.05 from Rs. 15.52 in H1 FY24 (after considering issuance of bonus equity shares in the ratio of 4:1).

On a standalone basis, NSE's total income in Q2 FY25 increased by 35% year-on-year to Rs. 5,297 crores, and operating income increased by 19% year-on-year to Rs. 4,042 crores. NSE reported an operating EBITDA margin of 64%. Net profit after tax increased by 64% year-on-year to Rs. 2,954 crores.

Revenue from transaction charges in Q2 FY25 grew by 18% year-on-year to Rs. 3,557 crores, primarily on account of increase in volumes in cash markets and derivatives segment. Transaction charges from equity options accounted for 73% of total transaction revenue followed by cash markets which was 14% and equity futures which was 13%.

NSE's income from listing services that includes listing fees, book building fees, and processing fees for the current quarter increased by 38% year-on-year to Rs. 80 crores from Rs. 58 crores in Q2 FY24, largely driven by an increase in book building fees, which almost doubled year-on-year due to increase in capital raised on NSE platform. Listing fee income also increased to Rs. 37 crores in Q2 FY25 as against Rs. 31 crores in Q2 FY24.

NSE's treasury income increased to Rs. 411 crores in Q2 FY25 from Rs. 310 crores in Q2 FY24. The increase is on account of higher investible surplus and mark-to-market gain in mutual funds.

NSE income from data centers and connectivity charges increased by 33% year-on-year to Rs. 293 crores in Q2 FY25. This has increased on account of additional racks provided by the exchange and connectivity charges.

Total expenses for Q2 FY25 on a standalone basis reduced by 5% year-on-year to Rs. 1,546 crores, mainly on account of reduction in voluntary contribution to Core SGF (as compared to same period in FY24) and reversal in provision for additional voluntary contribution to Core SGF, made in the immediately

preceding quarter. Excluding the impact of voluntary contribution to Core SGF and one-time payment of SEBI settlement fees (in the matter of trading access point architecture and network connectivity of NSE), expenses during Q2 FY25, increased by 25% year-on-year to Rs. 1,330 crores, of which volume related expenses linked to revenue amounted to Rs. 774 crores.

During the half year ended September 2024, on a standalone basis, NSE's total income increased 37% year-on-year to Rs. 9,675 crores, of which revenues from operations was Rs. 8,093 crores. Operating EBITDA increased by 32% year-on-year to Rs. 4,992 crores with margin at 62% in H1 FY25 versus 61% in H1 FY24. Net profit after tax increased 44% year-on-year to Rs. 4,914 crores with margins at 51% in H1 FY25 versus 48% in H1 FY24.

In H1 FY25, NSE contributed Rs. 30,130 crores to the exchequer, which comprised STT/CTT of Rs. 24,755 crores, stamp duty of Rs. 2,099 crores, SEBI fees of Rs. 1,333 crores, income tax of Rs. 1,119 crores and GST of Rs. 824 crores.

As informed in the last investor call, in order to meet the target of reaching a corpus of Rs. 10,500 crores in Core SGF as prescribed by SEBI, the Board of directors had approved the voluntary contribution at 2% of the transaction charges earned. Additionally, the Board had approved a contribution of Rs. 500 crores to the Core SGF in each of the three quarters starting September 2023. NSE Clearing assessed the adequacy of funds and additional contribution requirement and found that funds and reserves were available with NSE Clearing, were sufficient to meet SEBI requirements. Additionally, SEBI allowed NSE Clearing a one-time transfer of penalty and interest from the cash market segment to futures and options segment. Considering the assessment, NSE has reversed additional voluntary contribution provided earlier of Rs. 500 crores in Q2 FY25. On October 30, 2024, NSE Clearing has made the requisite contribution to Core SGF to achieve the Core SGF target prescribed by SEBI for futures and options segment of Rs. 10,500 crores.

I shall now cover few aspects of our key Subsidiary Companies:

NSE Clearing Limited in Q2 FY25 continues to have a robust market share of 94% for clearing and settlement for cash equity assignments, 96% for equity delivery segment and 64% for currency derivatives segment. Total revenue of NSE Clearing Limited on a standalone basis increased by 69% to Rs. 829 crores during Q2 FY25 and profit after tax increased by 68% during the same period to Rs. 501 crores in Q2 FY25.

During the quarter, NSE's GIFT City businesses continued to grow strongly. For the quarter, NSE IFSC reported revenue of Rs 34 crores and a net profit of Rs 1 crore.

For NSE indices, as of September 30, 2024, total assets under management of passive funds (ETFs and index funds) in India tracking Nifty indices reached Rs 7.8 lakh crores, accounting for 73% of equity and debt passive funds' AUM of Rs 10.7 lakh crores in India as of September 30, 2024. There are 343 passive products tracking Nifty index in India as of September 30, 2024. There are 30 ETFs and index funds and 2 ETNs tracking Nifty indices in international markets with a total AUM of ~US \$5 billion as of September 30, 2024.

NSE Data that manages and disseminates the exchange data continues to see an expansion in its client base for both real-time data and historical data. In September 2024, NSE Data launched India's first fully integrated web-based, multi-asset fund analytics platform by expanding the capabilities of its existing NSE FixedIn platform. With India's fund management space witnessing substantial growth, NSE FixedIn will empower asset managers with robust analytical tools that will help in optimising portfolio performance.

You may recall that NSE's Board on May 3, 2024, recommended the issue of bonus shares to the equity shareholders in the ratio of 4:1 and increase authorized share capital from Rs 50 crores to Rs 500 crores. I am happy to update you that post obtaining the requisite approval from shareholders and SEBI, the Board of Directors in its meeting held on November 4, 2024, approved the allotment of bonus shares to the shareholders holding shares as on the record date, i.e. November 2, 2024. Consequently, the paid-up equity share capital of NSE has increased to Rs 247.5 crores. The bonus shares will

be credited to the respective demat accounts of the eligible shareholders in two weeks.

On August 27, 2024, as per the guidance of the governing board of NSE, NSE has applied to SEBI for seeking NOC/permission to take further actions towards listing of shares of NSE including filing the Draft Red Herring Prospectus with SEBI. We are awaiting a response to this request.

I am happy to announce that we have successfully closed the divestment transaction of our technology business. We have sold the digital transformation business unit of NSEIT along with Aujas Cyber Security Limited, NSEIT (US) and CXIO Technologies Private Limited-these being our subsidiaries, have been sold to Investcorp, a US-based private equity fund. We are underway to divest other non-core businesses as well as including digital examination business.

NSE remains committed to provide the most transparent and regulatorily compliant market infrastructure in India. We continue to invest in our technological capabilities and infrastructure to provide seamless experience to the investors.

With this overview, let me welcome you once again and invite you for the question-and-answer session. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Sumeet Agarwal from ICICI Securities, please go ahead.

Sumeet Agarwal: Thanks for the update. Sir, apologies if I am asking the questions though you have addressed in the call. Sir, once you have reached Rs 10,500 crores SGF, how would be the contribution to the core SGF continue? Will it be still 2%? Can you just help me understand this contribution to the SGF? How does it work?

Ashishkumar Chauhan: So, SEBI has said to increase it up to Rs 10,500 crores, which we have done. But, naturally, in a growing economy and also due to inflation, we need

to continue to increase the SGF on a regular basis. That's why the Board has decided to continue contributing 2% of the transaction charges to the core SGF on an ongoing basis. In case SEBI requires additional capital based on higher risk that they perceive based on calculations and committee meetings and other things; at that time they may instruct the Clearing Corporations as well as the exchanges to contribute furthermore.

Moderator: Thank you. The next question is from the line of Sanketh Godha from Avendus Spark. Please go ahead.

Sanketh Godha: Sir, because of the new F&O rules, if there is a fall in volume or revenue by, say, 20% because of the derivative volumes coming off, I have two questions related to it. Whether we have any operating leverage to maintain the EBITDA margins or revenue decline will flow directly to the bottom-line. That's my first part of the question. And the second is that if the open interest comes down because of the market volumes coming off, and therefore the SGF requirement might be lower than the mandated Rs 10,500 crores. So, there is another provision reversal if open interest in the derivative market comes off because of the volume decline, which is the intention of the regulator.

Ashishkumar Chauhan: So, on reversal of core SGF, there is no such provision. There are many regulations relating to that. So, once it is contributed, it goes into the settlement guarantee fund. It is not even reflected on the Clearing Corporation's balance sheets because it's a separate fund. In terms of the leverage, the way I look at it is, the markets will take the impact of the new SEBI regulations and also the new STT and it will be substantial. So, whether we do any additional work or not, our estimation is that there is going to be a substantial change or substantial decrease in derivatives volume especially index options going forward.

Moderator: Thank you. The next question is from the line of Piran Engineer from CLSA. Please go ahead.

Piran Engineer: One question and one clarification. Firstly, what is the Core SGF balance now?

Ashishkumar Chauhan: Rs 10,524 crores for derivatives. Additional will be around Rs 1000 crores towards equities and other segments.

Moderator: Thank you. The next question is from the line of Jagannadham Thunuguntla from Techpro Ventures. Please go ahead.

J. Thunuguntla: On September 30, F&O segment Core SGF is around Rs 8,100 crores. As of October 30, you have reached Rs.10,500 crores. So, will Rs 2,300 crores show up in the next quarter results?

Vikram Kothari: Yes, it will because this has been contributed between the 30th September to 30th October. So, all the contributions have been completed on 30th October. It will show in the next quarters.

Ian Desouza: I'd just like to add a clarification. It will show up in the results, but it's more an appropriation of reserves. It will not be a debit to the P&L of NCL.

Moderator: Thank you. The next question is from the line of Sagar Tanna from Alchemie Ventures. Please go ahead.

Sagar Tanna: Sir, you mentioned about SEBI's clarification and disposal, so are there any orders now for the IPO?

Ashishkumar Chauhan: We don't have visibility on the IPO.

Moderator: Thank you. The next question is from the line of Arun Malhotra from CapGrow Capital Advisors. Please go ahead.

Arun Malhotra: Yes, just wanted to follow up on the previous question. Is there any other case which is still pending with SEBI to be settled?

Ashishkumar Chauhan: There are cases in the Supreme Court, there are cases in SAT also. So, those are the cases to be still resolved.

Moderator: Thank you. The next question is from the line of Pavan from Fident. Please go ahead.

Pavan: This is regarding the Thursday expiry of the weekly options. Is there any directive from SEBI for selecting Thursday as the expiry date or can you change the date going forward? Thank you.

Ashishkumar Chauhan: Currently, there are no directions but naturally any change will require SEBI approval. We do not have any plan to change it from Thursday to any other day.

Moderator: Thank you. The next question is from the line of Tanubhav Vasisht from Stock Pulse. Please go ahead.

Tanubhav Vasisht: My question was relating to the weekly expiry. Since currently we have around 3-4 weekly expiries and going forward we will only be having Nifty expiry on Thursday. Is there any plan of action which we can take as an exchange to offset that decrease in transaction volumes and open interest volumes on the F&O side?

Ashishkumar Chauhan: There are no such plans.

Moderator: Thank you. The next question is from the line of Amit Chandra from HDFC Securities. Please go ahead.

Amit Chandra: So, my question is, what is the cash balance that we have as of now? So, the cash balance excluding the clearing funds and also your plans on distribution of the cash, maybe in terms of dividends to the shareholders?

Ashishkumar Chauhan: In terms of distribution, the Company has a generous dividend framework, which will continue.

Ian Desouza: We will go to the next question and come back with the details.

Moderator: Thank you. We will move to the next question which is from the line of Dharmil Shah from Dalmus Capital Management. Please go ahead.

Dharmil Shah: Just wanted to know, are there any pending litigations which are ongoing, which could be material from a financial standpoint?

Ashishkumar Chauhan: All the material litigations are in public domain. You may like to search for all the litigations, and you will find that some of them are in Supreme Court, some of them are in SAT and some of them are in various courts of India. There are numerous and they're available in public domain.

Moderator: Thank you. The next question is from the line of Praveen Malik, an individual investor. Please go ahead.

Praveen Malik: My question is about the volume of options. It is decreasing from last three to four quarters. BSE is gaining market share. I just want to ask you, is there any new way to increase the option volume after the SEBI clarification on one expiry every exchange?

Ashishkumar Chauhan: Thank you. We don't have any plans to increase the options volume.

Moderator: Thank you. The next question is from the line of Shalabh Agarwal from Oxbow Capital. Please go ahead.

Shalabh Agarwal: Sorry if I missed it, but what could be the impact on our option volumes after this regulation changes from SEBI?

Ashishkumar Chauhan: It will be substantial, but we have not been able to figure out the exact impact and only time will tell.

Ian Desouza: Just coming back to the earlier question of HDFC Securities on our investible surplus. So, at a standalone level, we have investments and cash equivalents of Rs 18,578 Crores. So, that's the answer to your question. And on the dividend, we already answered.

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

Karan: My question is with regards to the nature of the approvals we have from SEBI for monthly expiries of options derivatives contracts, do we have the ability to change the dates of expiry of monthly contracts by ourselves? Or does date change require going back to SEBI? And is there any possibility that we could use these monthly expiries of these indices by spreading the expiries across the Nifty expires in the second week every month, the Nifty monthly expires every month, while they remain monthly not weekly? Is that something possible in our control or it requires going back to the regulator?

Ashishkumar Chauhan: My understanding is that SEBI's framework is to bring down options volume on all exchanges in India. And the exchanges do not have flexibility to do many things. So, any date change will also require SEBI approval.

Moderator: Thank you. The next question is from the line of Shrinivas Aiyer, an individual investor. Please go ahead.

Shrinivas Aiyer: Congratulations for very good set of numbers. My request is on the forthcoming IPO, can you reserve a portion of that for the small shareholders?

Ashishkumar Chauhan: Thank you sir for congratulating us. I think out of 14 questions, the first-time congratulations came. But having said that, as per SEBI regulations, there is no such provision available. If there is one allowed, we will try to consider that.

Moderator: Thank you. The next question is from the line of Krish Mehta from Enam Holdings. Please go ahead.

Krish Mehta: I just wanted to ask if you have any plans for the NSDL listing which would be independent of NSE's own IPO?

Ashishkumar Chauhan: Yes, NSDL had applied for SEBI approvals and it's on the way. So, yes, we do have plans. And we are offering our share, some portion of the shares we are holding to meet SEBI regulations. We currently are on 24% and as per the new regulations, we have to go down to 15%. So, to comply with that regulation, we plan to divest our stake through the IPO along with other stakeholders.

Moderator: Thank you. The next question is from the line of Chanakya Sukhramani from Trust PMS. Please go ahead.

Chanakya Sukhramani: I just have one question that any tentative frame about listing of NSE IPO, any tentative timeframe?

Ashishkumar Chauhan: We do not have any idea about approvals relating to IPO, so we cannot provide you any timeframe.

Moderator: Thank you. We'll move to the next question which is from the line of Mahesh Bhat, an individual investor. Please go ahead.

Mahesh Bhat: Why did we see a decline in trading segment profit from ~Rs 2800 crores to Rs 2000 crores. My second question is are there any plans to increase GIFT Nifty indices because now we are going to see some option trading reductions. So, are we going to see some increase in GIFT Nifty indices to compensate some of this?

Ashishkumar Chauhan: It is up to the investors to go for the GIFT Nifty index or anywhere else. So, it's for the investors, of course, NSE IX, which is a 100% subsidiary of NSE, will benefit if that happens on GIFT Nifty. But that remains to be seen. In terms of the decline in the trading profit, that is the question, we will have to have CFO respond.

Ian Desouza: So, we've had a slight dip in the volumes as compared to sequential quarter. And that has contributed in terms of options reducing the volume of the income around 4% to 5% and also due to SEBI settlement fees.

Moderator: Thank you. The next question is from the line of Prabir, an individual investor. Please go ahead.

Prabir: I would like to congratulate the entire team on the technology advancements. At times, we don't value what we get because we are consistently getting that quality. So, congratulations and thank you. I think my questions were answered in some of the earlier questions. Primarily, the ask was, when the investors had, with the volumes will come down, so with the revenue and the profits and the market share, potentially you and your team would continue to look at them in the right timeframe will bring out the right products and offerings to mitigate the losses. So, I am sure you will do that. Maybe I'll wait a couple more quarters before I ask the question. Once again, thank you for the opportunity and thanks for the seamless bonus, dividends and all wishes to you all and everybody on the leadership team. Thank you so much.

Ashishkumar Chauhan: Thank you sir, so nice of you. And we continue to strive to give the best to our investors.

Moderator: Thank you. The next question is from the line of Piran Engineer from CLSA. Please go ahead.

Piran Engineer: Just wanted to check on this revision and transaction charges that have happened on 1st October of this quarter. What sort of impact do you foresee on your revenue from that?

Ashishkumar Chauhan: In terms of the transaction charges, the actual transaction charges of the exchange are a very small portion of the cost that an investor incurs in terms of the STT, in terms of the brokerage, and also the liquidity cost when one has to buy and sell. So, it doesn't have that much of an impact on people's decision making on trading on exchanges. The basic product is the main decision that the customers take and whether to trade or not and the total amounts of cost. Although it is not calculated so consciously by investors, but overall cost, if you calculate that, the exchange cost basically what we are charging is a very insignificant portion. What happens so broadly, we do not have adverse feedback till now from any of our constituents.

Moderator: Thank you. The next question is from Jagannadham Thunuguntla from Techpro Ventures. Please go ahead.

J. Thunuguntla: Just wanted to understand considering the weekly option for bank Nifty is stopped, so is it possible to know any breakup in terms of in the bank Nifty product, how much was coming from weekly and how much was coming from monthly?

Sriram Krishnan: Just give us a minute, we will share the data with you. We can go to the next question. We'll come back on this.

Moderator: We will move to the next question which is from the line of Aakash Jain from Moneycurve Analytics. Please go ahead.

Aakash Jain: I just wanted to check on there seems to be a significant increase year-on-year on employee cost. So, any specific reason any one-off in that? What is the reason for such high increase in employee cost?

Ian Desouza: There was a one-off at a group level of around Rs 50 crores due to the actuarial valuation on account of our leave encashment policy change. We should see it stabilizing and coming down in the next quarter.

Sriram Krishnan: In terms of the earlier question of Techpro Ventures, I can just share that data. So, the question was on Bank Nifty weekly versus monthly. So, during the period April 24 to September '24, the premium turnover for the monthly expiries was Rs 9,20,532 crores and the premium turnover for the weekly expiry in Bank Nifty was Rs 25,96,488 crores. So, roughly you can say 75% of the total premium turnover is weekly expiries and roughly 25% is monthly expiries.

Moderator: Thank you. The next question is from the line of Abhijeet Sakhare from Kotak Securities. Please go ahead.

Abhijeet Sakhare: I have a question on the clearing business. Is it possible to quantify what share of non-NSE volumes are getting cleared with NSE Clearing?

Vikram Kothari: Our market share remains almost the same across both exchanges because post interoperability we clear for both NSE as well as BSE. So, our market share for BSE volumes also remains around the same levels of around 90% to 94% for cash market and on similar lines of F&O for around 95% for the futures and options volumes.

Moderator: Thank you. The next question is from the line of Pratik Kothari from Unique PMS. Please go ahead.

Pratik Kothari: Sir one clarification this 75:25 share which you mentioned for the weekly and monthly. This is a bank Nifty specifically or for derivatives overall. And sir second question on the commodities. I mean, we have been making some strides recently introducing new products. If you can highlight what's the game plan there to kind of scale this up substantially?

Ashishkumar Chauhan: So, in commodities, we think we should be able to do better than what we are doing today by making the brokers and the constituents, the investors more aware of our products. And of course, NSE also provides a better

advantage on using the margins available with the clearing house where people can take trading in both commodities as well as equities area. So, that's where we are working on. In terms of the weekly versus monthly, if the question is what happens if the weekly contract on Bank Nifty goes away, what would be the impact of that? And that is yet to be seen, but once it goes to monthly, it will have a reasonable impact today between weekly Nifty and weekly Bank Nifty. It is somewhere between 45:55 where Nifty is 45, Bank Nifty is 55. So, some of that may spill over into Nifty, but some portion will actually disappear.

Moderator: Thank you. The next question is from the line of Krish Mehta from Enam Holdings. Please go ahead.

Krish Mehta: I wanted to ask a breakup of tech expenses this quarter on the P&L as well as on the balance sheet?

Ian Desouza: On the P&L, at a group level, we have spent Rs 225 crores on the operating expenses in the quarter.

Moderator: Thank you. The next question is from the line of Kunal Kaul from Blue Edge. Please go ahead.

Kunal Kaul: Two questions. Number one, is the consolidated income lower than standalone income on account of discontinued operations? Number one. And number two, what is the revenue figure from GIFT Nifty for this past quarter?

Ian Desouza: There has been a one-off dividend income in the standalone that is eliminated in consolidated that amount to around Rs 857 crores. So, that comes only in the standalone, doesn't come in the consolidated.

Moderator: Thank you. The next question is from the line of Anand Mundra from Soar Wealth. Please go ahead.

Anand Mundra: As mentioned by you, there was one-off in the salary expenses. So, wanted to check about that amount for the first 6 months of this financial year. And also, sir, is there any possibility of getting the call recording of this conference call on quarterly basis?

Ashishkumar Chauhan: There will be a transcript of this, which is basically a text version of the call, which is easier to read and figure out.

Ian Desouza: And on the one-off expense on the employee cost, it is a change in one of our policies, which is on leave encashment. So, essentially it is a one-off expense. It should not repeat at this level in future quarters.

Moderator: Thank you. The next question is from the line of Sangeeta from Cogito. Please go ahead.

Sangeeta: Sir, my question was that what are the issues which are holding us back from the IPO? What approvals, what clearances are we waiting for?

Ashishkumar Chauhan: As an exchange, as per the regulations, any regulated entity should get a no objection certificate first from its regulator and then it can file the DRHP which is actually for the IPO. NSE has not received no objection certificate from its sectoral regulator which also happens to be the same regulator which is from SEBI. So, once the no objection certificate has been provided, then the exchange or the NSE will start working on its DRHP and in a reasonable time after that, it will file the DRHP. But currently it is waiting for the no objection certificate from SEBI.

Moderator: Thank you. The next question is from the line of Mamta Parekh, an individual investor. Please go ahead.

Mamta Parekh: Another strong quarter. Thank you so much for that. Just a quick question, just as a follow up to the previous question, we understand that we applied for the no objection certificate from SEBI. So, have we heard anything from them in terms of follow up queries which we need to resolve? Is there any engagement with respect to that NOC or at this point in time, there's a radio silence from SEBI with respect to our application?

Ashishkumar Chauhan: Currently we do not have any visibility.



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Moderator: Thank you. Ladies and gentlemen, this was the last question for today. I would now like to hand the conference over to Shri Ian Desouza for closing comments.

Ian Desouza: Thank you everyone for joining us today on this conference call. If you do have any follow-up questions, you can mail us and we can take them offline. Wishing you all the very best in the day ahead. Thank you.

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