A quality report by JainMatrix Investments

NSE IPO: Enter the Key Market Maker

- 16th Sep 2026
- Large Cap. ₹ 4,40,000 cr.

- **IPO is open from 17-21st Sep, at ₹ 1700-1785/share**
- **Raising ₹ 22,500 cr. in IPO by Offer for Sale (OFS)**
- **PE of 42.6x of FY26 earnings**
- **Sector: Stock Exchange, Market Infrastructure**
- **Opinion: Buy**

- **Why NSE:** India's capital markets are benefiting from rising financialisation, increasing investor participation and growing adoption of market-linked products. NSE is the dominant exchange in equity and derivatives, with a large investor base, high market share and an integrated ecosystem covering trading, clearing, listing, indices and market data. Its established derivatives franchise, technology infrastructure and international presence through GIFT City provide avenues for long-term growth. Management is good. Balance sheet is healthy, margins excellent and dividend yield high at 2%.
- **Why now in IPO:** In the IPO process, NSE has cleaned up its act. It has settled past issues. It has professionalized the management team. The current wave of IPO market growth will expand and deepen the Indian equity market, and reflect well on the growth at NSE. The IPO opens up the market infrastructure leader to a better shareholding pattern, closer scrutiny and better global alignment. The IPO pricing gives investors a relatively attractive entry point.
- **Risks:** 1) High dependence on transaction charges and equity-options activity 2) Regulatory changes may affect trading volumes and revenues 3) Concentration risk - top 10 trading members represented 46.8% of FY26 operating revenues 4) Competition from BSE (in derivatives) and MCX 5) IPO valuations means appreciation will be earnings growth driven 6) Technology, cybersecurity and system-disruption risks 7) Large business base may result in moderate growth.
- **Opinion:** Buy for the long term

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IPO highlights

- IPO application dates: 17–21st Sep'26, with a Price Band of ₹ 1,700–1,785, FV ₹ 1. One Lot is 8 shares.
- The ₹ 22,569 cr. IPO is entirely an Offer for Sale (OFS) of 12.64 cr. shares. There is no fresh issue.

- The Grey Market Premium (GMP) of NSE is ₹ 161/share over the IPO price, or 9%. (16th Sep'26)
- Since the IPO is entirely an OFS, the proceeds will accrue to the selling shareholders, and NSE will not receive any proceeds from the issue.
- IPO allocation quotas are: QIB up to 50%, NII 15%, Retail 35%.
- IPO allotment is expected by 22nd Sep '26, and listing on BSE is scheduled for 24th Sept'26.

Introduction to NSE

- National Stock Exchange of India (NSE) is India's leading stock exchange and market infrastructure institution, with a presence across India's capital markets. It commenced operations as a stock exchange in 1994, so has been in India's capital-market ecosystem for over three decades.
- NSE was the first exchange in India to introduce electronic, screen-based trading, which helped modernise securities trading in the country.
- NSE has grown into a large-scale market institution, with 13.24 cr. unique registered investors, 26.14 cr. registered investor accounts, 1,328 trading members and 3,005 listed entities as of June 2026.
- The aggregate market capitalisation of companies listed on NSE was ₹ 474 lakh cr. as of June 2026, reflecting its significant scale in the Indian equity market.
- NSE has established a strong global position, ranking among the world's largest exchanges by trading activity and retaining the leading position globally in equity-derivative contracts traded. (See Fig.1a.)

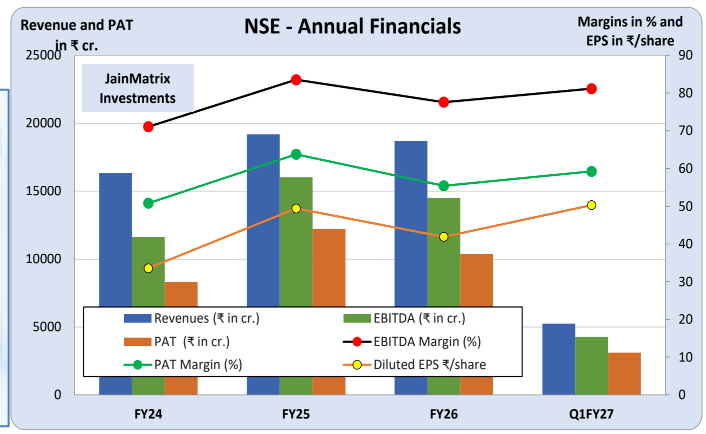


Fig 1a – NSE Global Position in Equity Derivatives, and Fig 1b NSE Financials

- NSE's FY26 Revenue was ₹ 18,713 cr., Operating EBITDA ₹ 14,520 cr. and PAT ₹ 10,371 cr., while EPS was ₹ 41.62. Revenue, EBITDA & PAT grew at 7%, 11.8% and 11.7% CAGR, resp., over FY24–26, Fig. 1b.
- NSE's Q1 FY27 Revenue was ₹ 5,252 cr., EBITDA ₹ 4,263 cr. and PAT ₹ 3,112 cr. Q1 FY27 performance remained strong, with EPS annualised based on (Q1 FY27 PAT multiplied by 4), see Fig. 1b.
- NSE has built a diversified market-infrastructure ecosystem through its subsidiaries and associates across multiple financial-market activities. The company's flagship Nifty 50 index, launched in 1996, has become one of the key benchmarks for the Indian equity market.
- Leadership - Ashishkumar Chauhan is MD/CEO of NSE; Viral Mody is ED Vertical1 (Critical Operations), and Sanjay Shorey is ED Vertical2 (Regulatory, Compliance, Risk Mgt., and Investor Grievance).
- NSE has no identifiable promoter. LIC was its largest shareholder with a 10.72% stake prior to the IPO.

Business Model, Strategies and News Updates

- NSE operates an integrated market infrastructure platform. It competes with BSE in Indian equities.

- There is a new exchange, MCX. So there are substantial regulatory barriers to entry in the market.
- It connects investors, trading members and listed companies through trading, clearing & settlement, listing, market data, indices and technology infrastructure. See Fig. 2a.

Fig 2a – NSE Integrated Business Model/ 2b NSE Group Ecosystem

- The business model is enabled by a diversified ecosystem of subsidiaries and associates across clearing, settlement, indices, market data, international markets, depository services, education, technology, energy and commodity exchange, strengthening its integrated platform. See Fig. 2b.
- NSE generates revenue mainly by Transaction Charges, so trading activity is a key revenue driver, **see Fig. 2c.** Here we can see all the revenue segments. Equity options are the largest contributor within Transaction Charges, followed by cash-market and equity-futures charges. **See Fig. 2d.** NSE also earns from data connectivity, data feed & terminal services, listing, clearing & settlement, data centre and licensing services, providing additional revenue streams beyond transaction charges.

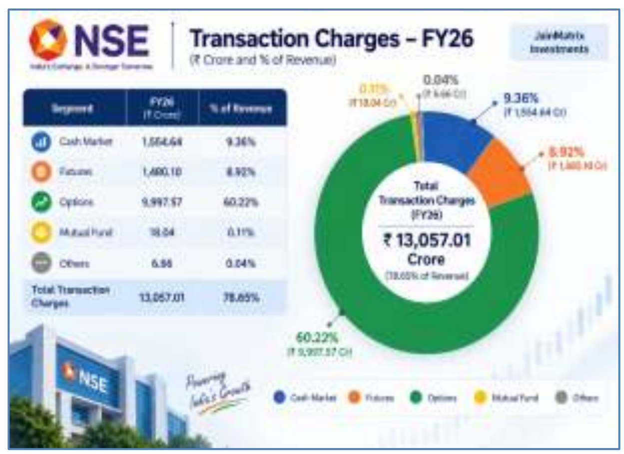


Fig. 2c – NSE Revenue Mix / Fig. 2d – NSE Transaction Charges Mix

- Trading activity remained strong on NSE, with cash-market ADTV (Average Daily Turnover Volume) of ₹ 1.06 lakh cr. in FY26, while equity-futures ADTV stood at ₹ 1.59 lakh cr. and equity-options premium ADTV at ₹ 0.58 lakh cr. Strong trading activity supports NSE's transaction-led revenue model.
- NSE's strong liquidity and market position support its revenue model, with FY26 market share of 92.99% in cash market, 99.79% in equity futures and 74.71% in equity-options premium turnover. **See Fig. 2e.**
- NSE has invested in technology, capacity and low-latency infra to handle high trading volumes. It's NEAT and NEAT Plus platforms are designed for high availability, scalability and high trade-processing capacity.
- Data monetisation remains a growth opportunity, with NSE offering real-time, snapshot, historical and value-added datasets to aggregators, financial institutions, researchers, AMCs, algo developers, etc.

Fig 2e – NSE Market Share Across Key Segments / Fig 2f – NSE Capital Mobilisation

- NSE Clearing (NCL) from the ecosystem handles 88.4% of cash & 91% of eq. derivatives clearing (FY26).
- NSE's capital mobilisation activity remained robust, with strong equity and debt fundraising. Total fund mobilisation continued to grow, highlighting the increasing scale of capital-market activity. **See Fig. 2f.**
- IPO activity also remained strong, with 219 IPOs listed on NSE in FY26, comprising 108 Mainboard and 111 SME IPOs. Mainboard IPOs rose to 108 from 79 in FY25, while SME IPOs were 111 over 163 in FY25.
- NSE is expanding its international business through NSE International Exchange (NSEIX) at GIFT City, which provides access to international products and operates for extended trading hours.
- SEBI has restrictions against self-listing, which will force NSE to list via its rival, the BSE.
- NSE had several issues/litigations like co-location scam, dark web and ex MD Chitra Ramakrishna issue. SEBI's approval and IPO clearance was after a recent ₹ 1,491 cr. settlement by NSE. (Source: NSE Sep'26)
- GIFT Nifty has become an important international product, following the migration of Nifty derivatives from SGX to NSEIX, which held 99.81% share of the GIFT IFSC equity-derivatives contract market in FY26.
- NSE launched Nifty 50 0DTE options at GIFT IFSC (FY26), becoming #1 Indian stock exchange to offer same-day expiry options for intl. investors. It also launched GIFT Nifty India FPI 150 derivatives in Dec'25.
- NSE Indices launched the Nifty AI Catalysts Index on 11th Sep'26, expanding its index portfolio into the Artificial-Intelligence theme. (Source: NSE Indices)
- On 01st Feb'26, the Union Budget 2026 raised Securities Transaction Tax (STT) on F&O by 50-150%. This naturally had a cooling impact on trading activity, and definitely affected NSE revenues.
- NSE incorporated National Coal Exchange as a wholly owned subsidiary in June'26, marking its expansion into the coal and commodities market-infra. (Source: NSE, June'26)

Industry Overview

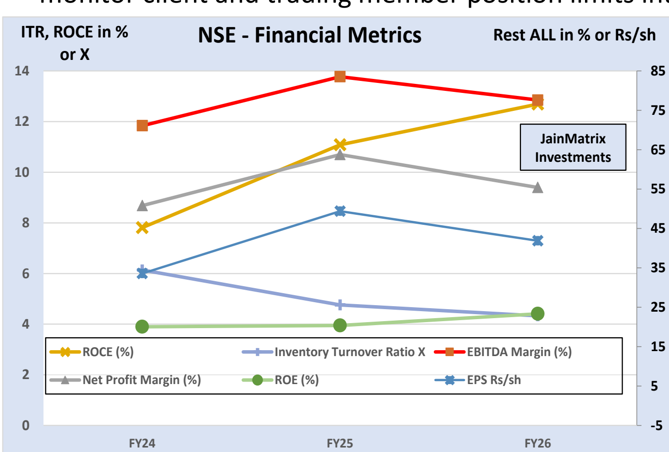
- **Growth Drivers:** India's capital markets are growing, supported by rising financialisation, rising participation from retail and institutional investors and greater adoption of market financial products.
- **Primary-market activity** remains strong, with continued IPO activity across Mainboard and SME segments. Rising capital raising and new listings are deepening the capital-market ecosystem and creating opportunities for exchanges and other market-infrastructure institutions.
- The Indian markets have seen a steady growth of **investor accounts**; **see Fig 1b** Growth in Investors and Revenue. The sheer rise in accounts is driving up transaction volumes and hence the Exchange industry.
- Investor **participation is broadening**, with increasing involvement from retail investors, FPIs, DIIs, HNIs and family offices. A larger investor base is supporting higher liquidity and depth in capital markets.

- **Ranking**: India has emerged as one of the world's largest equity markets, ranking the #4 equity market globally as of June'26, after the US, China including Hong Kong and Japan. The growing equity market provides a larger base for trading, listing and related market-infra activities. India has emerged as one of the world's largest derivatives markets by number of contracts traded, with options accounting for a significant share of activity. Lower options premium turnover compared with the US indicates further potential for market deepening and institutional participation.
- The market-infrastructure ecosystem is becoming **increasingly diversified**, with growth across equities, fixed income, derivatives, clearing & settlement, indices, market data and technology services. This is creating multiple opportunities across the capital-market value chain.
- **Competition**: There are 4,990 stock brokers registered with SEBI in the equity segment. They bring in new customers, simplify and ease up access, and drive down transaction costs.
- **Technology and digitalisation** are becoming increasingly important as trading volumes rise and investors demand faster, more reliable and accessible financial-market infrastructure. This is likely to drive continued investment in technology and product innovation across the industry. Digital investing, algorithmic trading and new financial products are increasing the need for scalable technology and diversified market infrastructure.

Overall, these industry trends are favourable for leading exchanges, as higher investor participation, trading activity, new listings, derivatives volumes and financial-product adoption should support long-term growth in transaction volumes and related market-infrastructure revenues.

Financial Performance and Stock Evaluation

- The annual financials of NSE are presented in Fig. 1b. NSE has maintained strong profitability over FY24–26, supported by high operating margins and healthy earnings growth.
- Revenues declined in FY26 compared with FY25, primarily due to several SEBI F&O curbs: **Contract Size Increase**: Raised the minimum contract size for index derivatives from ₹ 5–10 lakh to ₹ 15–20 lakh (and scaling higher later). **Upfront Premium Collection**: Mandated brokers to collect option premiums from buyers upfront, eliminating intraday credit or delayed collections. **Rationalized Weekly Expiries**: Restricted stock exchanges to offering only one weekly index derivatives benchmark per exchange to cut down weekly speculative churn. **Intraday Position Monitoring**: Market Infra Institutions (MIIs) now monitor client and trading member position limits intraday rather than just end-of-day.



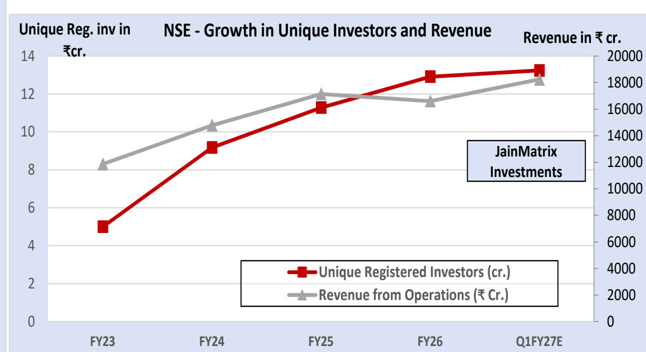


Fig 3a NSE Financial Metrics; Fig 3b Growth in Investor & Revenue

- **Removal of Calendar Spreads on Expiry Day**: Disallowed calendar spread margin benefits on the specific day of contract expiry to discourage expiry-day frantic trading and arbitrage. **Higher Expiry-Day Margins**: Added extra Extreme Loss Margin (ELM) and higher risk margins on short options contracts close to or on expiry days to address high implicit leverage.
- Since NSE derives the majority of its revenue from transaction charges, the consequent moderation in options trading activity directly affected transaction-led revenue.
- The financial metrics (**See Fig. 3a**) reflect NSE's strong operating performance, with healthy margins, improving return ratios and consistent earnings generation over FY24–26. While profitability and EPS moderated from the strong FY25 levels, the overall financial profile remained robust, supported by the company's scalable business model and strong earnings base. The improvement in return ratios and profitability highlight NSE's efficient capital utilisation and provide a foundation for long-term growth.
- NSE has witnessed a steady increase in its registered investor base, which has been accompanied by a corresponding growth in revenue, highlighting the positive relationship. The continued expansion of the investor base provides a strong foundation for sustained trading activity and revenue growth, **see Fig 3b.**
- The company also continued to distribute cash to shareholders, with dividend per share increasing from ₹ 18 in FY24 to ₹ 35 in FY25 and FY26, contributing to negative financing cash flow. (**See Fig. 3c**)
- Cash generation was high in FY26, with operating cash flow and FCF up. It had turned negative in FY25, (See Fig. 3c) and fell partly due to lower margin money received from trading members and settlement obligations. In FY24, the converse happened, there was a large cash inflow. Some volatility here.

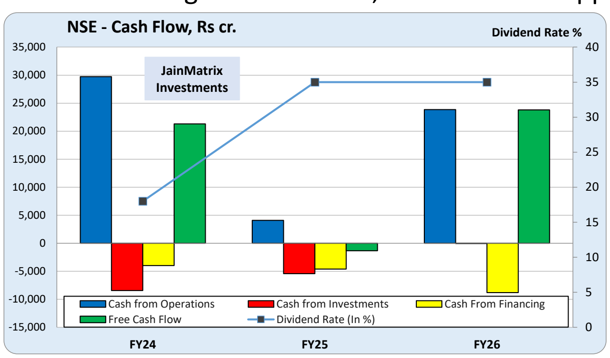


Fig 3c Cash Flow & Dividend, Fig 3d – Shareholding Pattern

Pre-IPO, NSE's shareholding was largely held by institutional and financial investors, with LIC being the largest. NSE has no identifiable promoter, so it is institutionally owned. Post IPO, the shareholding will become more diversified with participation from QIBs, NIIs and retail/public investors. LIC will continue as #1 shareholder, but the IPO will broaden the shareholder base and increase public participation. (**Fig. 3d**).

Benchmarking

NSE is compared with peers operating in exchanges, supporting services and trading areas. (**See Fig. 4a**).

- NSE's PE of 42.6x FY26 earnings appears reasonable relative to the listed peer group. NSE trades at a premium on Price-to-Book, EV/EBITDA and Market Cap/Revenue compared with the peers. However, this premium is supported by its stronger scale, profitability, market position and good market infra.
- NSE margins are close to leadership in the group.
- NSE's 3-year revenue and profit CAGR of 6.98% and 11.7% are much lower than BSE's 76.9% and 126.2%, resp. However, BSE has a lower base and a rapid ramp-up of its equity-derivatives business. BSE's recent growth was supported by the expansion of Sensex and Bankex derivatives following the

2023 relaunch of its equity-derivatives segment. In comparison, NSE had already established a much larger and mature derivatives franchise.

Particulars	NSE	BSE	MCX	IEX	CDSL	NSDL	Kfin Tech	Cams Services
Sales (₹ in cr.)	18,713	5,442	2,631	624	1,179	1,735	1,384	1,431
EBITDA (₹ in cr.)	14,520	3,761	1,958	645	625	523	484	613
Profits (₹ in cr.)	10,371	2,822	1,542	487	470	389	342	454
Market Cap (₹ in cr.)	441,787	131,127	83,560	10,125	27,918	16,034	15,540	17,553
PE (x)	42.6	46.33	54.17	20.78	59.24	41.32	44.33	38.65
Price to book value	13.75	19.66	29.35	7.76	14.23	6.71	9.24	14.54
EV/EBITDA	39.5	32	39.74	14.99	40.07	26.99	26.53	24.51
Market Cap/Revenues	23.61	24.10	31.76	16.22	23.68	9.24	11.23	12.27
3 Yr CAGR Sales (%)	6.98	76.95	64.89	14.92	27.29	14.4	21.81	15
3 Yr CAGR Profit (%)	11.7	126.22	107.52	19.63	18.47	15.04	19.35	16.17
Debt to equity ratio (x)	0	0	0	0.01	0	0.01	0.03	0.04
EBITDA Margin (%)	77.59	64.3	72.01	84.91	50.01	25.15	38.8	45.89
Net Profit Margin (%)	55.42	49.67	57.83	77.86	39.77	22.9	25.58	29.37
RoCE (%)	42.8	59.99	71.35	51.79	31.98	22.13	29.19	48.27
Return on Equity (%)	37.37	46.05	56.26	39.4	24.53	16	21.61	36.96
Dividend Yield (%)	1.96	0.3	0.24	3.08	0.96	0.5	1.35	1.78

Fig 4a Benchmarking

- NSE also maintains an above average return profile, with healthy ROCE and ROE. Its balance sheet is sound with negligible leverage, while the dividend yield is close to leadership.

Overall, NSE stands out for its superior scale, high margins, strong return ratios and dominant market position. While its growth appears relatively moderate, this is largely a function of its mature and larger operating base. The premium valuation therefore reflects business quality and market leadership.

SWOT Analysis

We capture the Strengths, Weaknesses, etc. of NSE in **Fig 4b**.

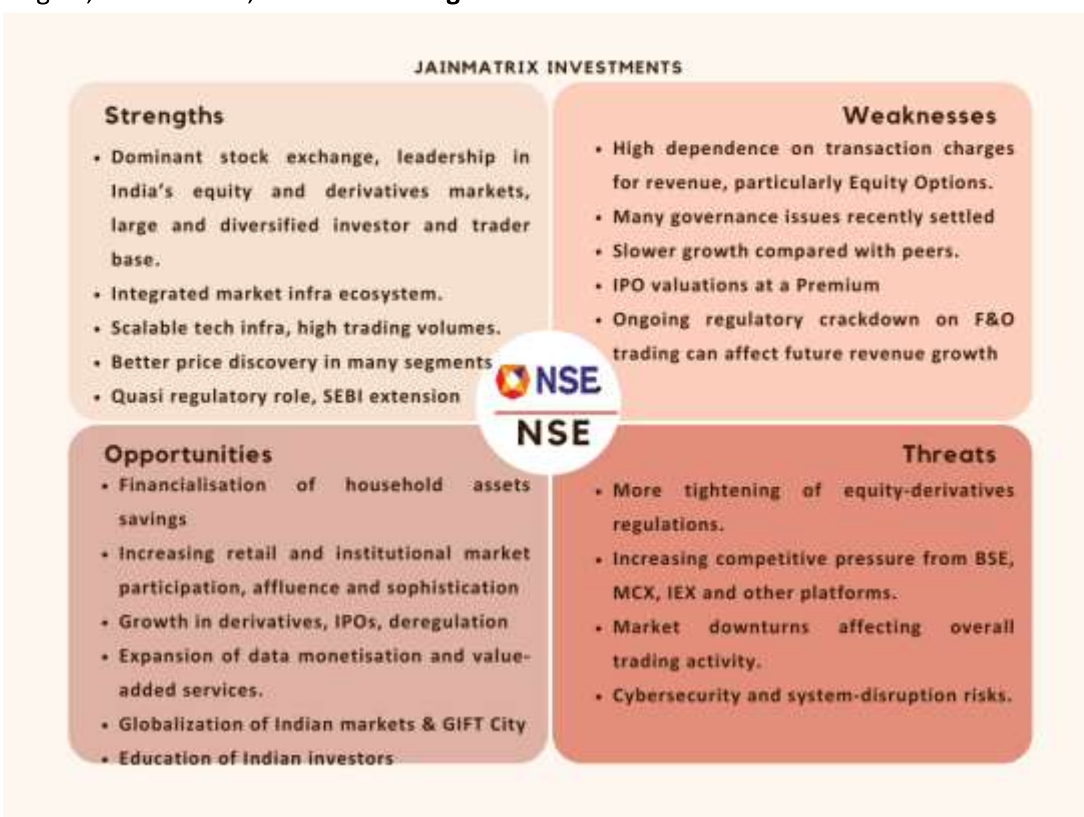


Fig 4b SWOT Chart

Opinion, Outlook and Recommendation

- India's capital markets are benefiting from rising financialisation, increasing investor education and participation, digital access and growing adoption of market-linked products. Indians are massive traders and stock markets are readily available. NSE introduced digital access and continues to be the dominant exchange in equity and derivatives, with a large investor base, strong market share and an integrated ecosystem covering trading, clearing, listing, indices and market data. Its established derivatives franchise, tech infra and international presence through GIFT City provide avenues for long-term growth. Management is good. Balance sheet is healthy, dividend yield is 2%.
- We expect NSE volumes to grow steadily in the next few years. Growth in the Indian equity market will reflect well on NSE. It enjoys excellent margins. The platform network effects means that with rising volumes, NSE profits will grow disproportionately. Valuations of NSE in the IPO are lower than other exchanges. That's an attractive entry point. NSE has also cleaned up and resolved several pending issues before the IPO.
- **Risks:** 1) High dependence on transaction charges and equity-options activity 2) Regulatory changes may affect trading volumes and revenues 3) concentration risk - top 10 trading members represented 46.8% of FY26 operating revenue 4) competition from BSE, particularly in derivatives 5) Premium valuation leaves limited room for upside in near term 6) Technology, cybersecurity and system-disruption risks 7) Mature business base may result in moderate growth.
- **Opinion:** Buy for the long term

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