

National Stock Exchange of India Limited

CAPITAL MARKET INFRASTRUCTURE · STOCK EXCHANGE, CLEARING, INDICES & MARKET DATA

India's largest stock exchange: the electronic marketplace where most of the country's shares, futures and options change hands, together with the clearing house that guarantees each trade is paid for and delivered.

Anchor book: **Wednesday, 16 September 2026** · Opens: **Thursday, 17 September 2026** · Closes: **Monday, 21 September 2026** · Expected listing: **Thursday, 24 September 2026** · Exchange: BSE

RATING	INVESTMENT HORIZON	PRICE BAND
SUBSCRIBE — LONG TERM	3 years and beyond	₹1,700 – ₹1,785 Lot: 8 shares · Minimum application ₹14,280 at cap

Recommendation

We recommend **SUBSCRIBE — LONG TERM** on the National Stock Exchange of India. The rating rests on three facts. First, NSE handles 93.05% of India's cash-share trading and 99.72% of equity futures (RHP p.202), a position it has held for 25 years. Second, on its own figures it keeps about 76 paise of every rupee of revenue as operating profit once SEBI settlements and similar charges are set aside, and it has done so for three straight years (p.419–420). Third, it has no borrowings and paid ₹35 a share in dividends for each of FY25 and FY26 (p.297). A business that collects a small toll on the savings of 13.2 crore registered investors should compound with Indian household financialisation.

At ₹1,785 the whole company is valued at ₹4,41,788 crore. That is 42.9 times FY26 earnings of ₹41.62 a share, and 35.4 times the June-quarter earnings run-rate. BSE, the only listed Indian exchange, traded at 54.28 times on 9 September 2026 (p.133), so NSE is offered at roughly a 21% discount to it. The last five private trades in NSE shares averaged ₹1,954.55 (p.147), about 9% above the cap. The price is full in absolute terms and fair against the only comparable. It is not cheap.

This is not a listing trade. The offer is a ₹22,569 crore sale by existing shareholders, and NSE receives no money from it. The long-term case must also survive a real erosion: NSE's share of equity-options premium fell from 96.86% in FY24 to 68.48% in the June 2026 quarter (p.202), and options are 60% of revenue. FY26 revenue fell 3.1% and profit fell 15.5% (p.82). A buyer should expect the options share and SEBI's derivative policy to drive the stock for the next several quarters.

Who this suits. Investors who want a slice of India's capital-market growth through its dominant toll-collector, and who can hold through regulatory shocks to derivatives trading. **Who it does not suit.** Anyone expecting a quick listing pop, or anyone uncomfortable with 60% of revenue depending on one heavily regulated product.

1. Issue Snapshot

Item	Detail	Item	Detail
Issue size (at cap)	₹22,569 crore	Fresh issue	Nil (0%)
Offer for sale	12,64,36,650 shares (100%)	Shares offered as % of equity	5.11%
Price band	₹1,700 – ₹1,785	Face value	₹1
Lot size / minimum at cap	8 shares / ₹14,280	Retail maximum	14 lots (112 shares) / ₹1,99,920
Allocation (net offer)	QIB ≤50% · NII ≥15% · Retail ≥35%	Employee reservation	Up to ₹70 crore
Main sellers	SBI, CPPIB, Aranda, MS Strategic, New India Assurance and 18 others	Book running lead managers	Kotak, JM Financial, Morgan Stanley, Citi, HSBC, J.P. Morgan and 14 others
Registrar	MUFG Intime India	Statutory auditor	Walker Chandiok & Co LLP (appointed 24 Aug 2026); restated report carries emphasis of matter, no qualification
Monitoring agency	Not required (offer for sale)	Credit rating	Not required for the offer; subsidiary NSE Clearing rated AAA by CRISIL since 2008
Listing	BSE	Market cap at cap	₹4,41,788 crore
P/E at cap (FY26)	42.9x	Market cap / operating EBITDA (FY26)	39.8x
Price to book at cap	12.5x (30 Jun 2026)	EPS (FY26, no dilution)	₹41.62
Promoter holding	No identifiable promoter	Shares pledged	8,26,72,504 (3.34%) by 1,233 public shareholders

Source: RHP p.1–4, 77, 97–111, 120, 127, 132, 204, 623–624; price band per company announcement of 11 September 2026.

Event	Date
Anchor bidding	Wednesday, 16 September 2026
Issue opens	Thursday, 17 September 2026
Issue closes	Monday, 21 September 2026

Event	Date
Basis of allotment (expected)	Tuesday, 22 September 2026
Refunds and demat credit (expected)	Wednesday, 23 September 2026
Listing (expected)	Thursday, 24 September 2026

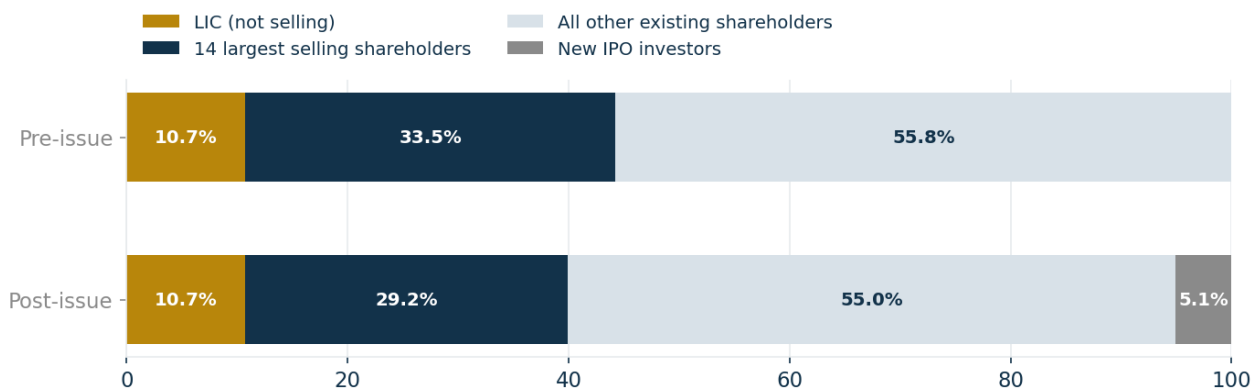
Source: RHP cover page for anchor, open and close dates; later dates follow the SEBI T+3 timeline and are indicative.

2. Shareholding Pattern

Shareholder	Pre-issue shares	Pre-issue %	Post-issue %	Selling?
Life Insurance Corporation of India	26,52,75,000	10.72	10.72	No
Aranda Investments (Mauritius)	11,24,63,356	4.54	4.09	Yes
Stock Holding Corporation of India	11,00,00,000	4.44	4.19	Yes
SBI Capital Markets	10,72,50,000	4.33	3.98	Yes
Mahagony Limited	9,22,95,000	3.73	3.61	Yes
State Bank of India	7,98,47,050	3.23	2.58	Yes
Canada Pension Plan Investment Board	3,95,80,200	1.60	1.12	Yes
MS Strategic (Mauritius)	2,97,60,000	1.20	0.76	Yes
Other selling shareholders above 1% (Crown Capital, GIC, National Insurance, New India Assurance, Oriental Insurance, TA Asia Pacific, 2726247 Ontario)	25,89,27,980	10.46	8.89	Yes
Non-selling holders above 1% (PI Opportunities, DVI, TIMF, R.S. Damani, Rimco)	21,04,80,972	8.50	8.50	No
All other shareholders	1,16,91,20,442	47.24	46.45	Partly
New IPO investors	—	—	5.11	—
Total	2,47,50,00,000	100.00	100.00	

Source: RHP p.120–123, 623–624. Post-issue percentages assume full sale of 12,64,36,650 shares out of an unchanged 247.5 crore; indicative pending basis of allotment. Under SEBI's format, trading members and their associates hold 32.50% as a "non-promoter, non-public" category (p.120), which overlaps with the rows above. Directors and key managers hold no shares (p.121).

Only 5.1% of NSE changes hands, and the company has no promoter

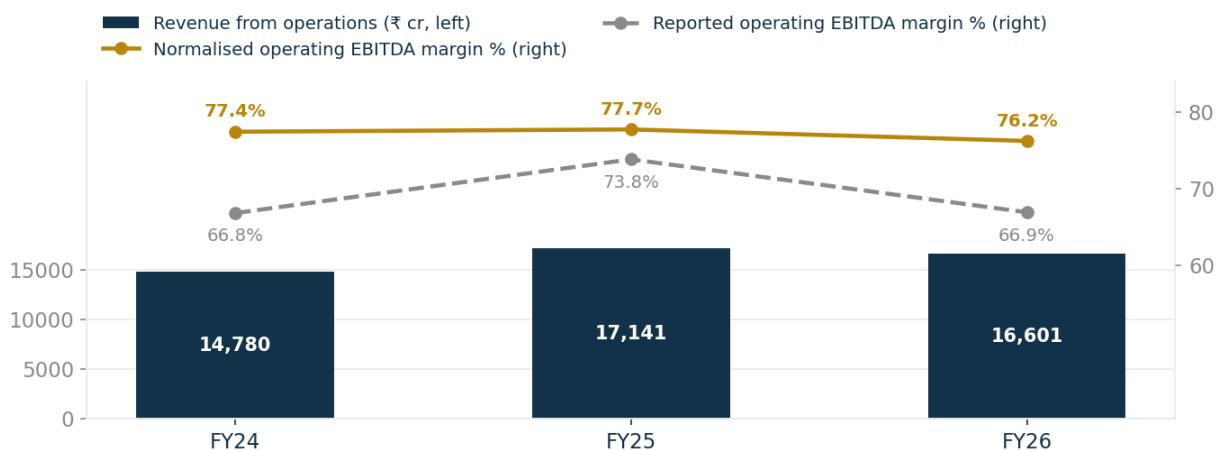


3. Key Financials at a Glance

₹ crore	FY24	FY25	FY26	Q1 FY27
Revenue from operations	14,780	17,141	16,601	4,560
Operating EBITDA margin (reported)	66.8%	73.8%	66.9%	78.8%
Operating EBITDA margin (normalised)	77.4%	77.7%	76.2%	77.8%
Profit after tax	8,306	12,188	10,302	3,120
Diluted EPS (₹)	33.56	49.24	41.62	12.61*
Return on equity	37.4%	44.9%	33.0%	9.3%*
Borrowings	Nil	Nil	Nil	Nil

Source: RHP p.82-83, 132, 135-136, 419-420. Not annualised. EPS adjusted for the 4:1 bonus of November 2024.

FY26 revenue fell 3.1%, yet the underlying margin held above 76%



Source: RHP p.135-136, 419-420

4. Company Overview

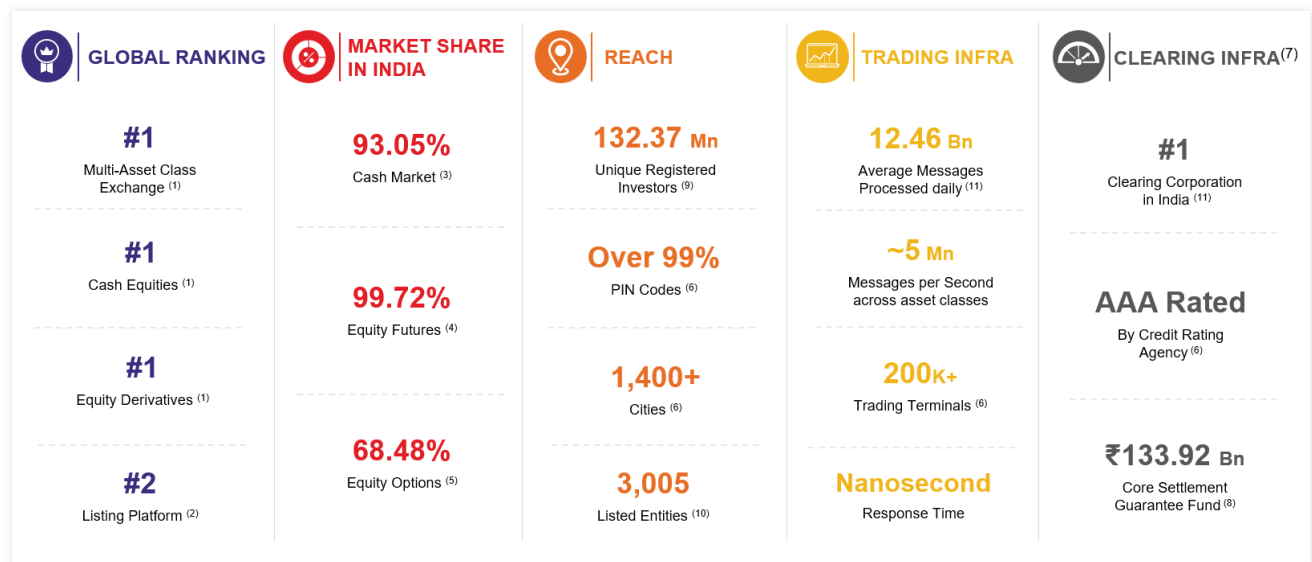
NSE was incorporated in November 1992 and started trading in 1994 as India's first fully screen-based exchange (p.131). Before it, shares changed hands by open outcry on a trading floor. Today a broker anywhere in the country types an order into a terminal, NSE's computers match it with an opposite order in microseconds, and NSE's clearing subsidiary makes sure both sides pay and deliver.

The scale is national. As of 30 June 2026, NSE served 13.24 crore unique investors across more than 99% of Indian PIN codes, 1,328 trading members and 3,005 listed entities worth ₹474 lakh crore (p.203). Its systems process an average of 1,246 crore order messages a day and about 50 lakh messages a second at peak (p.204). The platform runs from seven data centres, with a mirrored disaster-recovery site that can take over in under 45 minutes (p.204). NSE employed 2,914 people at 30 June 2026 (p.409), and it is designated Critical Information Infrastructure by the government's cyber-protection agency (p.131).

It is a group, not one company. NSE Clearing guarantees settlement. NSE Indices owns the Nifty 50 and 434 other indices. NSE Data & Analytics sells market data. NSE International Exchange trades dollar-denominated products at GIFT City. A new subsidiary, National Coal Exchange of India, was incorporated on 19 June 2026 (p.399). NSE also holds minority stakes in NSDL, the depository, and in power, gas and receivables exchanges (p.223).

The single most important structural fact is liquidity begetting liquidity. A trader goes where the most buyers and sellers already are, because that is where the price gap is narrowest. Once an exchange holds 93% of trading, a rival must offer something far better than a lower fee to pull orders away. That explains how NSE runs at margins that global exchanges rarely reach.

Not a government company, not a promoter company. NSE has no identifiable promoter (p.1). Its largest holder is LIC at 10.72%. Its board is chaired by a SEBI-approved public interest director. The IPO sells shares held by banks, insurers and foreign funds; none of the money goes to NSE.



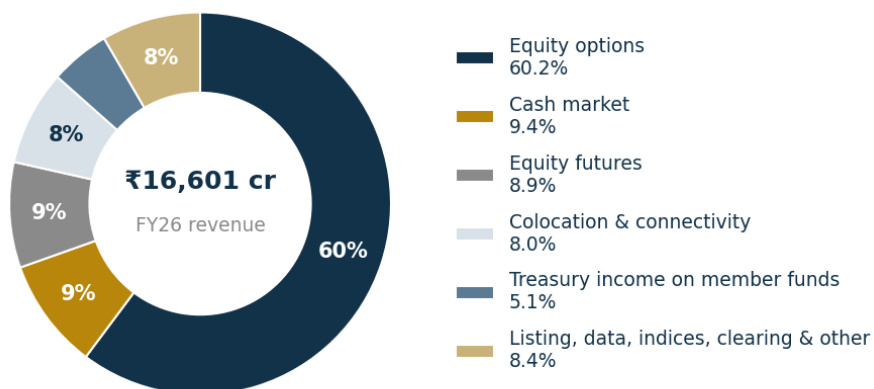
NSE's scale at a glance: market share, investor reach, trading capacity and the ₹13,392 crore settlement guarantee fund, as of 30 June 2026 Source: RHP p.202.

5. Business Segments and Products

Line	What it is, in one plain line	FY26 revenue (₹ crore)	% of revenue
Equity options	Fees on contracts that give the right to buy or sell an index or share at a fixed price	9,998	60.2%
Cash market	Fees on ordinary buying and selling of shares, ETFs and bonds	1,555	9.4%
Equity futures	Fees on contracts to buy or sell an index or share at a future date	1,480	8.9%
Colocation and connectivity	Rent for brokers' servers inside NSE's data centre, and charges for the data pipes into it	1,334	8.0%
Treasury income on member funds	Interest earned on margin money that brokers deposit	842	5.1%
Listing, data, indices, clearing and other	Fees from companies, data buyers, fund houses and other exchanges	1,393	8.4%
Total		16,601	100%

Source: RHP p.404–405.

Six of every ten rupees of revenue come from one product: equity options



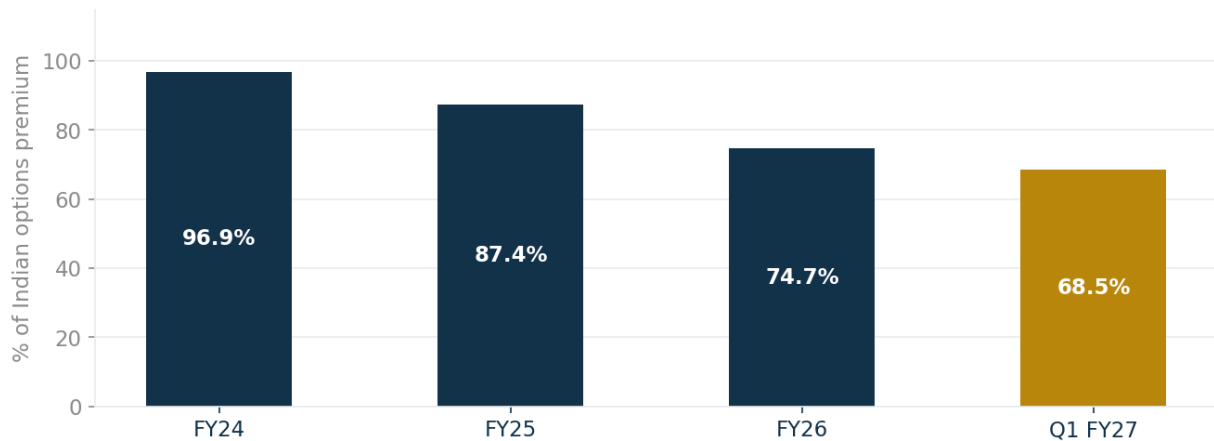
Source: RHP p.404–405 (FY26, restated consolidated)

Equity options (60.2%). An option is a paid-for right, like a token deposit that holds a flat at today's price for a month: if prices rise you use it, if not you lose only the deposit. On NSE the flat is usually the Nifty 50 index. Traders use options to bet on the market, and fund managers use them to insure portfolios. NSE charges a fee on the premium, the price of that right. If NSE's options system failed on an expiry Tuesday, lakhs of open positions could not be closed and margin calls would cascade through brokers; that is why SEBI regulates contract size, expiry days and position limits so closely. Options revenue was ₹9,998 crore in FY26, down 1.9%, as SEBI's curbs cut premium turnover by 7.7% while NSE's realisation per unit rose 7.08% (p.411). In the June 2026 quarter it grew 15.6% to ₹2,744 crore (p.404). The weakness is share: BSE's Sensex options, with their own weekly expiry day, took NSE's share of premium down to 68.48% (p.202). Options are therefore a protected franchise that is no longer a monopoly.



NSE's product shelf spans shares, derivatives, bonds, commodities, currencies, clearing and index services Source: RHP p.216.

NSE's share of equity-options premium has fallen 28 points since FY24



Source: Redseer industry report via RHP p.202

Cash market (9.4%). This is the ordinary share purchase: an investor buys 10 Infosys shares and receives them in demat the next day. NSE charges a few rupees per lakh traded. If matching failed, prices across the country would freeze and mutual funds could not invest the day's SIP money. NSE's 93% share here has barely moved in three years (p.202), because institutional investors need the deepest order book. Revenue fell 7.9% in FY26 as average daily turnover dropped from ₹1.13 lakh crore to ₹1.06 lakh crore. It then rose 27.6% in Q1 FY27 as turnover climbed to ₹1.36 lakh crore (p.404, 408). This is the most defensible line in the company.

Equity futures (8.9%). A future is a binding agreement to buy or sell at a set price on a set date, like booking a car at today's price for delivery next month. Arbitrage funds and institutions use futures heavily. NSE holds 99.72% (p.202), so there is no meaningful rival. Revenue fell 14.3% in FY26 as turnover dropped (p.29). The higher securities transaction tax on futures, which rose from 0.02% to 0.05% on 1 April 2026 (p.401), is the main near-term headwind; futures revenue fell another 3.8% in Q1 FY27 (p.404).

Colocation and connectivity (8.0%). High-speed trading firms pay to place their own servers in racks inside NSE's building, a few metres from the matching engine, and pay again for the lines that carry their orders. Delay is measured in millionths of a second, so there is no substitute location. Member racks rose from 1,300 to 1,868 in a year (p.409). Rack revenue grew 32.9% in FY26, while connectivity revenue was flat and fell 10.4% in Q1 FY27 after a price revision (p.409, 411).

How the money is made. NSE does not sell to investors. Its customers are trading members, and the top ten brought in 47.0% of revenue in Q1 FY27 (p.29). None is a related party (p.30). Fees are charged per trade and collected through the clearing system, so collection risk is low. Revenue is almost entirely recurring volume-linked toll income; listing fees were only 2.1% of revenue in FY26 (p.404). NSE also earns interest on member margin money, booked as operating revenue (₹842 crore in FY26), and on its own surplus (₹1,929 crore in other income; p.136).

The physical shape of the company. An exchange has no factory; its plant is data centres.

Asset	What it does	Scale	Status
Primary data centre, Mumbai	Order matching, clearing, risk	Part of 2,694 full-rack equivalents	Operating

Asset	What it does	Scale	Status
Member colocation	Hosts brokers' servers	1,868 racks, over 12,000 servers	Operating, growing
Disaster recovery site	Full mirror, switchover under 45 minutes	Live runs twice a year	Operating
Points of presence	Network access for members	30+ cities	Operating

Source: RHP p.204–205, 402.

Core trading, clearing and surveillance software is built in-house (p.56). Revenue per employee was about ₹5.76 crore in FY26 (₹16,601 crore ÷ 2,881 employees; p.412).

Customer profile.

	FY24	FY25	FY26	Q1 FY27
Largest trading member	12.19%	8.81%	7.96%	7.72%
Top five members	35.32%	31.93%	31.92%	31.06%
Top ten members	45.26%	44.48%	46.78%	47.00%
Transaction charges as % of revenue	82.07%	79.55%	78.65%	79.44%

Source: RHP p.27–30. Members are unnamed in the RHP for confidentiality.

6. Investment Rationale

The liquidity moat in shares and futures is real.

93.05% / 99.72% cash and futures market share, Q1 FY27

1

NSE has led cash-market and derivative turnover in India since FY2001 (p.130). Its cash share moved only between 92.50% and 93.80% across FY24 to Q1 FY27 (p.202). A rival would need to persuade mutual funds, foreign investors and arbitrageurs to move their orders at the same time, which none has done in two decades. Verdict: **real barrier** for about 18% of revenue (cash plus futures).

Margins that global exchanges do not reach.

76.2% normalised operating EBITDA margin, FY26

2

Once the matching engine is built, an extra trade costs almost nothing. The industry report prepared for the offer shows NSE with one of the lowest fixed-cost ratios among listed global exchange groups, at 22.73% of revenue in FY26 (p.191). Employee costs were 4.8% of revenue in FY26 (p.82). A competitor would need NSE's volume to match this. Verdict: **real barrier**, though the "normalised" figure excludes SEBI settlements that have recurred (see Risk 3).

The Nifty franchise pays twice.**72.6%** share of Indian passive-fund assets tracking Nifty indices, June 2026**3**

Of ₹12.33 lakh crore in Indian index funds and ETFs, ₹8.95 lakh crore follows Nifty indices (p.204). Each rupee earns NSE a licence fee and anchors the derivative contracts that trade on its exchange. Licensing revenue grew 26.0% in FY26 (p.411). Benchmarks are rarely switched, because every fund's record is measured against one. Verdict: **real barrier**, small today at 0.9% of revenue but strategic.

India's savings are still moving into markets.**13.45%** share of Indian adults who are stock investors, March 2026**4**

Only about one adult in seven invests in shares (p.159). India's market value is 119% of GDP against 224% in the US (p.160). SIP contributions rose from ₹96,080 crore in FY21 to ₹3,49,589 crore in FY26 (p.160). NSE's unique investors grew at 26.23% a year from March 2020 (p.399). Verdict: **head start** — the tailwind lifts BSE too, but NSE collects most of it.

A cash machine with no debt.**₹35** dividend per share for FY25 and FY26**5**

NSE has no borrowings (p.403). Excluding brokers' margin money and settlement-fund flows, operating cash flow was about ₹7,900–9,000 crore in each of the last three years, and it paid ₹8,662 crore in dividends in FY26 (p.85). The FY26 payout of ₹35 includes a one-time ₹10 special (p.297). Verdict: **real**, and a partial cushion if growth stalls.

New markets built on the same rails.**53.52%** NSE's share of electricity futures lots, Q1 FY27**6**

NSE launched electricity futures in July 2025, electronic gold receipts, Brent and natural gas futures, and received SEBI approval for a national coal exchange in April 2026 (p.399). These are small today; commodity derivatives turnover was ₹238 crore a day in Q1 FY27 (p.400). Verdict: **option value**, not yet a moat.

7. Industry Overview and Outlook

India's cash-market turnover rose from ₹49.77 lakh crore in FY16 to ₹280.26 lakh crore in FY26, about six-fold (SEBI data cited on p.175). Redseer, in the industry study prepared for this offer, projects ₹473–507 lakh crore by FY30, a 14–16% yearly rise (p.175). That compares with PRS Legislative Research's reading of the Union Budget, which assumes 10% nominal GDP growth for 2026–27. Turnover growth ahead of GDP rests on four drivers: more listed companies, rising market value relative to GDP, more free float, and more investors (p.399).

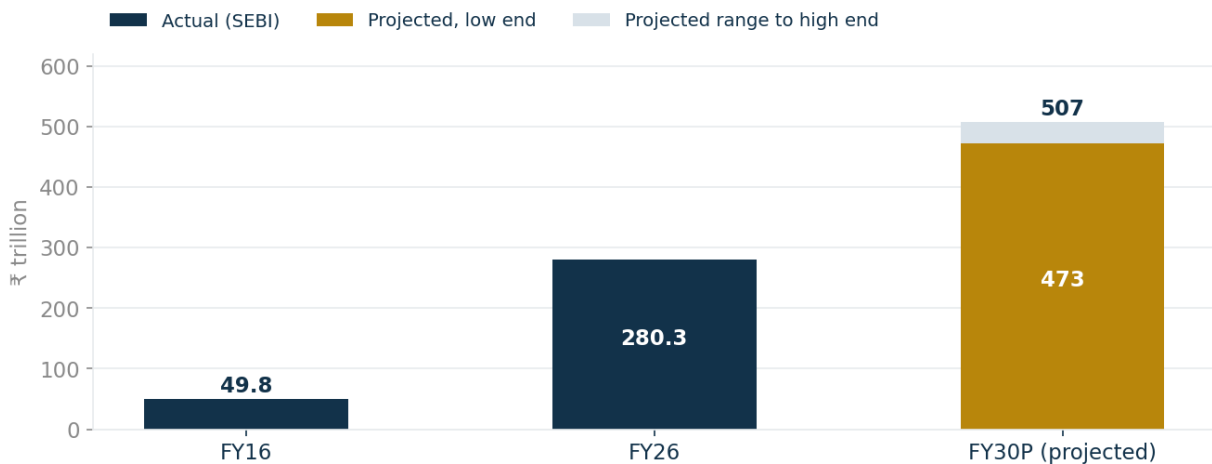
The market is a two-player duopoly. NSE leads everything except listing count; BSE is the only other listed Indian exchange, and MCX trades mainly commodities (p.159). Equity derivatives are where the contest is live. After SEBI allowed each exchange one weekly expiry day from September 2025, NSE took Tuesdays and BSE Thursdays (p.51). BSE's options premium turnover nearly doubled from ₹15,084 crore a day to ₹29,615 crore a day between the June 2025 and June 2026 quarters (BSE disclosures cited on p.142). NSE's growth in options now depends partly on winning share back, not only on the market growing.

Policy backdrop. Three rules matter. SEBI's circulars of 1 October 2024 and 29 May 2025 raised contract sizes, restricted weekly expiries and required upfront premium collection; they cut FY26 derivative volumes (p.401). The Budget raised securities transaction tax on futures from 0.02% to 0.05% and on options from 0.10% to 0.15%, effective 1 April 2026 (p.401). From 1 July 2026, the RBI requires bank credit to brokers to be fully secured, which may raise funding costs for proprietary traders (p.402). All three hurt near-term derivative volumes; the long-run effect is a cleaner market that is harder for regulators to justify squeezing further.

The unconventional datapoint: the tax NSE collects. NSE collected ₹18,313 crore of transaction tax in Q1 FY27, 56.92% of it from equity derivatives, which is about ₹10,424 crore (p.401). In FY26 the derivative share averaged about ₹5,557 crore a quarter ($₹48,347 \text{ crore} \times 45.98\% \div 4$). Derivative tax nearly doubled, but the tax rate itself rose 50–150%. Options premium turnover rose only 11.6% over the FY26 average (p.400). The reading for NSE: the government's derivative tax take is rising fast, but most of that is the higher rate, not more trading. That makes further tax increases less likely to be needed, and it caps how fast NSE's options volumes can recover.

Indicator	FY25	FY26	Change
NSE unique registered investors (crore)	11.28	12.91	+14.4%
Market value of NSE-listed entities (₹ lakh crore)	410.87	411.25	+0.1%
Funds raised on NSE (₹ lakh crore)	18.68	20.33	+8.8%
Mainboard IPOs on NSE	79	108	+36.7%
SME IPOs on NSE	163	111	–31.9%
Nifty-linked passive fund assets (₹ lakh crore)	7.63	8.14	+6.7%
NSE options premium, daily average (₹ crore)	62,449	57,662	–7.7%

Source: RHP p.135.

Indian cash-market turnover grew about 6x in a decade; 14-16% a year is projected to FY30

Source: SEBI via RHP p.175, 399; FY30 projection: Redseer industry report (Sept 8, 2026)

The counterweight. Investor growth is slowing at the margin: NSDL reported that new demat account openings across the industry fell 21.9% in FY26, even as NSE's own registered base grew 14.4%. Exchange revenue follows turnover, and turnover follows sentiment.

Verdict: tailwind for cash markets, listings and indices; **neutral to headwind** for derivatives over the next four quarters. Growth in cash depends on the market expanding; growth in options depends on NSE taking share back.

8. Financial Performance

₹ crore	FY24	FY25	FY26	2-yr CAGR
Revenue from operations	14,780	17,141	16,601	6.0%
Growth	—	16.0%	−3.1%	
Other income	1,572	2,036	2,112	15.9%
Employee costs	460	672	790	31.0%
SEBI regulatory fees	981	963	796	−9.9%
Other expenses (incl. SEBI settlements)	1,728	2,625	3,790	48.1%
of which SEBI settlement fees	73	670	1,432	
Operating EBITDA / margin	9,870 / 66.8%	12,647 / 73.8%	11,098 / 66.9%	6.0%
Normalised operating EBITDA / margin	11,442 / 77.4%	13,317 / 77.7%	12,656 / 76.2%	5.2%
Depreciation	440	547	624	19.1%
Contribution to settlement guarantee fund	1,741	234	1	
Profit before tax (continuing)	11,184	15,475	13,896	11.5%
Tax	2,778	3,869	3,716	

₹ crore	FY24	FY25	FY26	2-yr CAGR
PAT (incl. discontinued) / margin	8,306 / 47.1%	12,188 / 55.3%	10,302 / 51.0%	11.4%
Diluted EPS (₹)	33.56	49.24	41.62	11.4%

Source: RHP p.82–83, 136, 405, 412, 419–420. One-offs: profit on sale of associates ₹81 cr (FY24), ₹1,209 cr (FY25), ₹1,201 cr (FY26); labour-code charge ₹126 cr (FY26); FY24 includes a ₹1,500 cr additional settlement-fund contribution. PAT margin on the company's definition (p.137). Normalised EBITDA adds back SEBI settlement fees, the additional fund contribution and the labour-code charge.

Revenue growth was entirely organic. FY25's 16.0% came from derivative volumes before SEBI's curbs took effect; FY26's 3.1% decline came from those curbs, partly offset by a 7.08% rise in options realisation (p.411). The reported margin swung between 67% and 74% mainly because of the settlement fund and SEBI settlements. Underneath, the margin has been stable at 76–78%, which says operating leverage is intact. Costs are rising faster than revenue, though: employee costs grew 17.5% and technology costs 28.6% in FY26 (p.402, 412).

₹ crore	FY24	FY25	FY26	Comment
Net worth	23,974	30,353	32,114	Grew despite ₹8,662 Cr dividends in FY26
Borrowings	Nil	Nil	Nil	Debt-free
Lease liabilities	125	506	412	Premises
Cash and equivalents	23,176	17,298	32,261	Mostly brokers' money
of which members' margin and settlement money	21,327	15,880	30,147	Owed back to members
Core settlement guarantee fund	8,857	12,075	13,079	Ring-fenced for defaults
Property, plant and equipment	1,004	1,120	1,193	Light asset base
Trade receivables	1,865	1,512	2,468	Up 63% in FY26
Trade payables	333	452	504	
Total assets	65,464	69,467	87,937	Inflated by client money

Source: RHP p.80–81, 85, 136. Treasury investments on the company's definition were ₹64,771 crore at March 2026 (p.136).

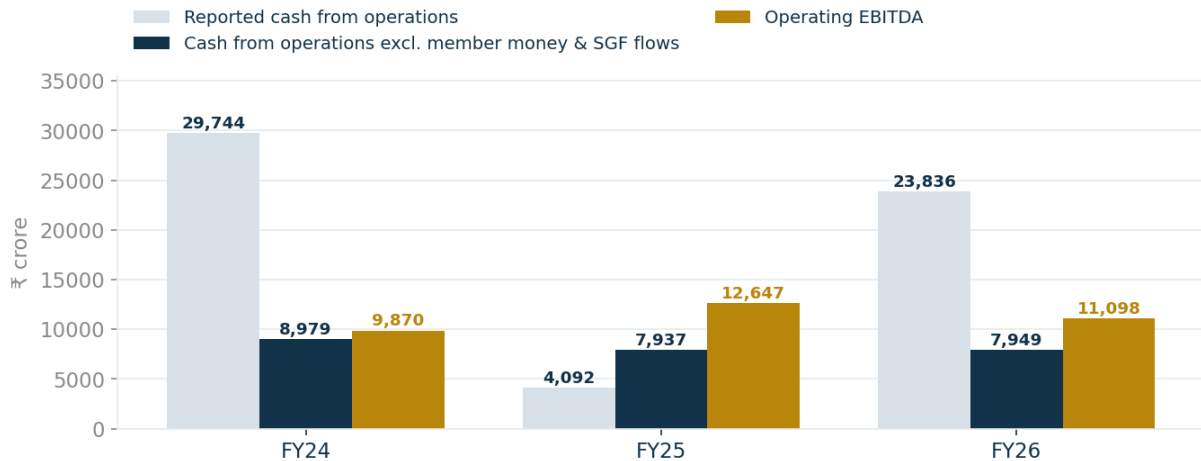
Most of NSE's balance sheet belongs to someone else. Of ₹32,261 crore in cash at March 2026, ₹30,147 crore was brokers' margin and settlement money (p.81). Receivables rose 63% while revenue fell 3%, taking receivable days from 32 to 54; they eased to about 45 days in Q1 FY27 (Krijuna workings: receivables ÷ revenue × 365). Another item to note is ₹3,728 crore released from the voluntary risk reserve to retained earnings in FY26 (p.403). The release did not touch profit, but it enlarges the pool from which dividends can be paid.

₹ crore	FY24	FY25	FY26	Comment
Reported cash from operations	29,744	4,091	23,836	Swings with client money
Adjusted cash from operations*	8,979	7,937	7,949	Steady
Capital expenditure (incl. advances)	470	1,306	1,755	Includes premises
Adjusted free cash flow	8,509	6,631	6,194	

₹ crore	FY24	FY25	FY26	Comment
Interest received (in investing)	1,180	1,584	1,860	
Dividends paid	3,959	4,454	8,662	FY26 includes special

Source: RHP p.84–85. Adjusted = reported cash from operations less the change in other financial liabilities, the settlement guarantee fund and deposits. FY24 also includes a ₹3,938 cr rise in other liabilities.

Strip out clients' margin money and cash generation is steady at about ₹7,900–9,000 crore a year



Source: RHP p.84–85; Krijuna workings (adjusted CFO = reported CFO less changes in other financial liabilities, Core SGF and deposits)

The gap between reported cash flow and profit is not a red flag in itself: when brokers post more margin, reported cash flow jumps, and it falls when they withdraw. After adjustment, FY26 cash from operations of ₹7,949 crore compares with operating EBITDA less tax paid of ₹7,865 crore (₹11,098 crore – ₹3,233 crore). Cash conversion is therefore close to full. FY26 capital spending of ₹1,755 crore includes advances that were reclassified as leasehold land and buildings in Q1 FY27 (p.80, 410).

Ratio	FY24	FY25	FY26	Direction
Return on equity	37.4%	44.9%	33.0%	Down
Return on capital employed	45.5%	52.1%	42.8%	Down
Debt to equity	Nil	Nil	Nil	Flat
Receivable days	46	32	54	Up
Dividend payout	53.6%	71.1%	84.1%	Up
Revenue per employee (₹ crore)	—	6.61	5.76	Down
Transaction charges as % of revenue	82.1%	79.6%	78.7%	Diversifying slowly

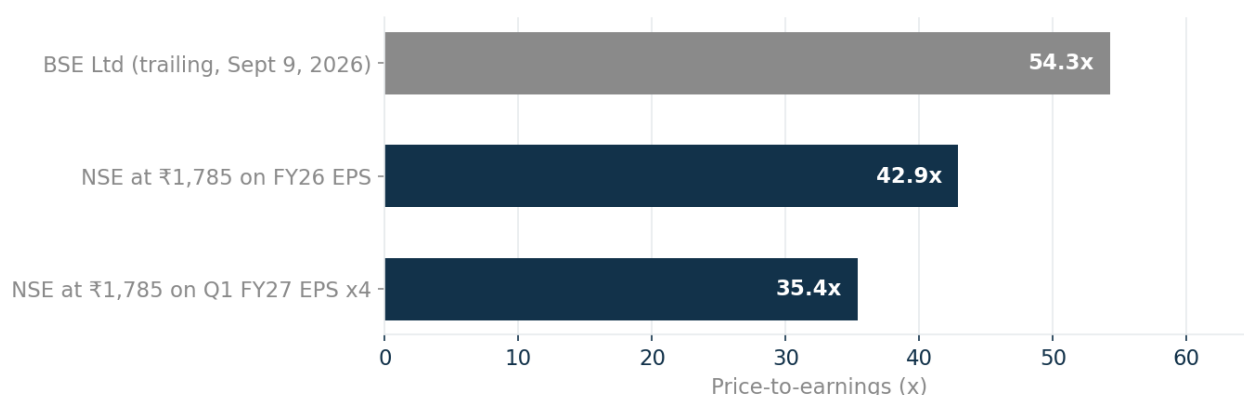
Source: RHP p.136, 297, 412; receivable days, payout and revenue per employee are Krijuna workings.

9. Peer Comparison and Valuation

Company (FY26)	Revenue (₹ cr)	Op. EBITDA margin	PAT margin	RoNW	P/E	P/B	Comparable on / not on
NSE at ₹1,785	16,601	66.9%	51.0%	33.2%	42.9x	13.8x	—
BSE Ltd	4,834	64.0%	48.0%	45.0%	54.3x	20.1x	Same regulator, products and revenue model; one-third NSE's size, growing much faster from a lower base
Peer average (one peer)	—	64.0%	48.0%	45.0%	54.3x	20.1x	

Source: RHP p.133, 143–144 (BSE figures as disclosed; BSE P/E as of 9 September 2026). NSE P/B on 31 March 2026 book value of ₹129.75 for like-for-like comparison. BSE P/B derived: implied price ₹3,290 ($54.28 \times \text{EPS } ₹60.61$) $\div$ book value ₹163.60. EV/EBITDA is not shown because both balance sheets hold large amounts of client money that cannot be cleanly separated from own cash.

At the cap, NSE is priced about 21% below its only listed Indian peer



Source: RHP p.132–133 (BSE P/E as disclosed); NSE multiples: Krijuna workings at cap price

The multiples, with the maths. Market value at the cap is $247.5 \text{ crore shares} \times ₹1,785 = ₹4,41,788 \text{ crore}$; at the floor it is ₹4,20,750 crore. Price to FY26 earnings is $₹1,785 \div ₹41.62 = 42.9x$ (40.8x at the floor). On Q1 FY27 earnings annualised, $₹12.61 \times 4 = ₹50.44$, the multiple is 35.4x. Price to book is $₹1,785 \div ₹142.40 = 12.5x$ on June 2026 book value. Market value to FY26 operating EBITDA is $₹4,41,788 \div ₹11,098 = 39.8x$. The dividend yield is $₹35 \div ₹1,785 = 1.96\%$, or 1.40% excluding the ₹10 special. Because the offer sells existing shares, there are no new shares and no pro forma adjustment.

Where NSE sits. It is 3.4 times BSE's revenue with a slightly higher margin, but a lower return on equity (33.2% against 45.0%). The returns gap is structurally explicable. NSE carries ₹32,114 crore of net worth, much of it surplus cash earning treasury rates, which dilutes returns; and BSE's profit is growing off a small base. The discount on the multiple reflects the other side of that coin: BSE is taking options share from NSE. Its options premium turnover nearly doubled in a year (p.142). The comparison is therefore directional, not exact.

The long-term argument. At 42.9x, a buyer pays for growth, not for FY26. The case assumes NSE's normalised earnings compound at mid-teens with Indian turnover, after the derivative reset. Q1 FY27 profit from continuing operations rose 11.0% (p.411), a first sign of that. If options share settles in the high 60s and cash volumes keep compounding, today's multiple should fall into the low 30s within three years without any re-rating. If options share keeps sliding at FY26's pace, it will not. A price below the last private transactions (₹1,954.55, p.147) and at a discount to BSE gives the long-term holder a reasonable, though not generous, entry.

RECOMMENDATION: SUBSCRIBE — LONG TERM**10. Objects of the Issue**

Seller	Shares offered	₹ crore at cap	Average cost per share (₹)
State Bank of India	1,59,69,410	2,851	0.80
Canada Pension Plan Investment Board	1,18,74,060	2,120	324.13
Aranda Investments (Mauritius)	1,12,46,336	2,007	62.38
MS Strategic (Mauritius)	1,10,00,000	1,964	66.54
The New India Assurance Company	1,05,00,000	1,874	0.32
SBI Capital Markets	87,80,590	1,567	0.38
Bank of Baroda	76,90,375	1,373	0.54
Stock Holding Corporation of India	61,87,500	1,104	0.46
General Insurance Corporation of India	61,87,500	1,104	5.26
United India Insurance	60,00,000	1,071	0.50
13 other sellers	3,10,00,879	5,534	0.32 – 1,826.85
Total	12,64,36,650	22,569	

Source: RHP p.1, 127–129, 623–624. Amounts are Krijuna workings at ₹1,785. The objects are the offer for sale and the benefits of listing; there is no fresh issue, so no capital expenditure, debt repayment or corporate-purpose deployment.

Every rupee raised goes to the selling shareholders: 100 paise to them, nothing to NSE. Sellers bear the offer expenses in proportion to shares sold, except listing fees and routine corporate advertising, which NSE pays (p.127). No monitoring agency is required, and no part of the proceeds goes to directors or managers (p.129).

Most sellers are state-owned banks and insurers that bought in the 1990s at a few paise to a few rupees per share on today's share count. Their gain is large, but the sale reflects the regulatory requirement to list and the government's push to monetise holdings, not a view on NSE's future. The highest costs among sellers are ₹1,826.85 (an individual selling 500 shares) and ₹1,030 (Be-In Eight) (p.624); both sit below the band. Several foreign holders, including CPPIB and MS Strategic, sell only part of their stakes and remain shareholders (p.120–123).

11. Promoters and Management

Name	Role	Background
Shri Srinivas Injeti (66)	Chairperson, Public Interest Director since Sept 2025	Retired IAS (1983 batch); Union Secretary, Ministry of Corporate Affairs 2017–20; led insolvency and company-law reforms

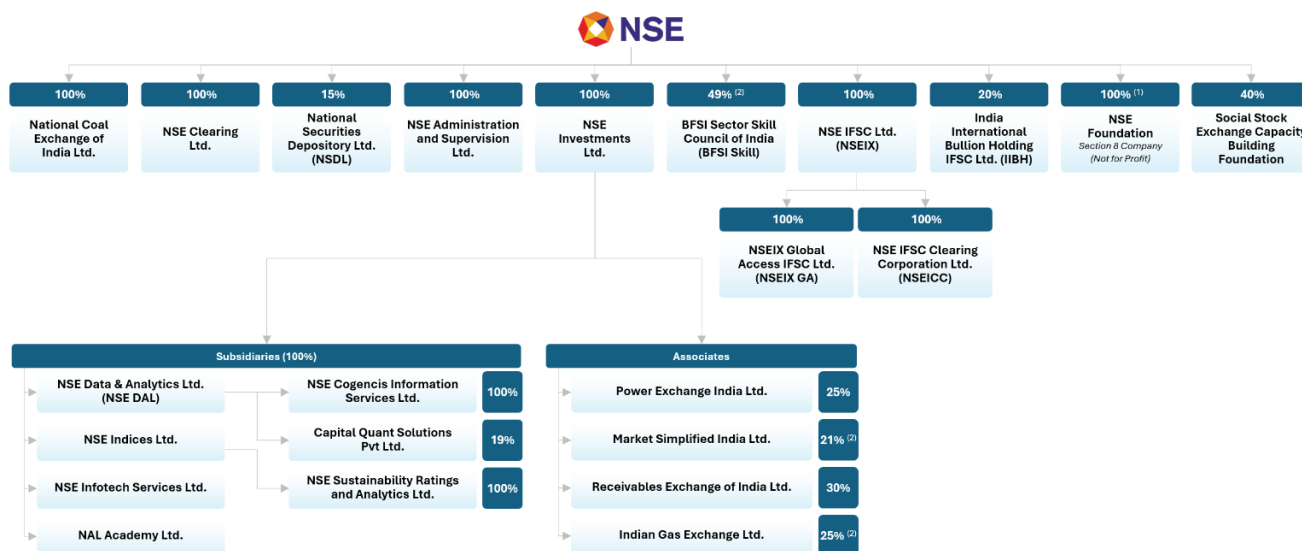
Name	Role	Background
Shri Ashishkumar Chauhan (58)	MD & CEO since July 2022	B.Tech IIT Bombay, PGDM IIM Calcutta; former MD & CEO of BSE; former Group CIO of Reliance Industries; early NSE team member; board member of the World Federation of Exchanges
Shri Viral Mody	Executive Director, Critical Operations (since May 2026)	Computer engineer; earlier with TCS, NSEIT and Wipro
Shri Sanjay Shorey	Executive Director, Regulatory, Compliance & Risk (since May 2026)	Former Indian Corporate Law Service officer; former Director General of Corporate Affairs
Shri P.R. Ramesh (71)	Public Interest Director	Former chairman, Deloitte India; boards of L&T, Nestlé India, Cipla
Shri Rajeev Vasudeva (67)	Public Interest Director	Boards of Marico, Pidilite and Brookfield Infrastructure
Shri Dinesh Pant (59)	Non-Independent Director (LIC nominee)	Life Insurance Corporation of India
Board	12 directors	7 public interest directors (including chair and 2 women) and 5 non-independent directors (MD and 2 executive directors)

Source: RHP p.273–278, 93.

There is no promoter group. SEBI's stock-exchange rules require the chair to be a public interest director and require public interest directors to at least equal non-independent directors (p.273). Public interest directors are appointed with SEBI approval and without shareholder votes (p.65), which protects the exchange's regulatory role but limits shareholder influence. No director or key manager holds NSE shares (p.121). The CEO's FY26 pay was ₹15.89 crore, 2.0% of employee costs (p.93).

The behaviour that matters here is institutional, not family. NSE's recent record is a governance clean-up after the 2019 co-location orders: SEBI settlements totalling ₹643 crore for the trading-access-point matter in FY25 and ₹1,491 crore for co-location and dark-fibre in FY26 (p.32–33, 87), and the sale of non-core businesses such as NSEIT and the education arm (p.407). SEBI's own inspections still record gaps in areas like vulnerability testing, data access and internal approvals (p.31). The Supreme Court disposed of the dark-fibre appeals on 3 September 2026, and the co-location appeals are pending disposal (p.87). The CEO's five-year term runs to July 2027 (p.273).

No promoter does not mean no governance risk. A widely held, SEBI-supervised board removes the risk of a family diverting cash. It does not remove the risk of regulatory penalties, which NSE has paid in each of the last three years. Past clean-up is a sign of better behaviour, not a guarantee.



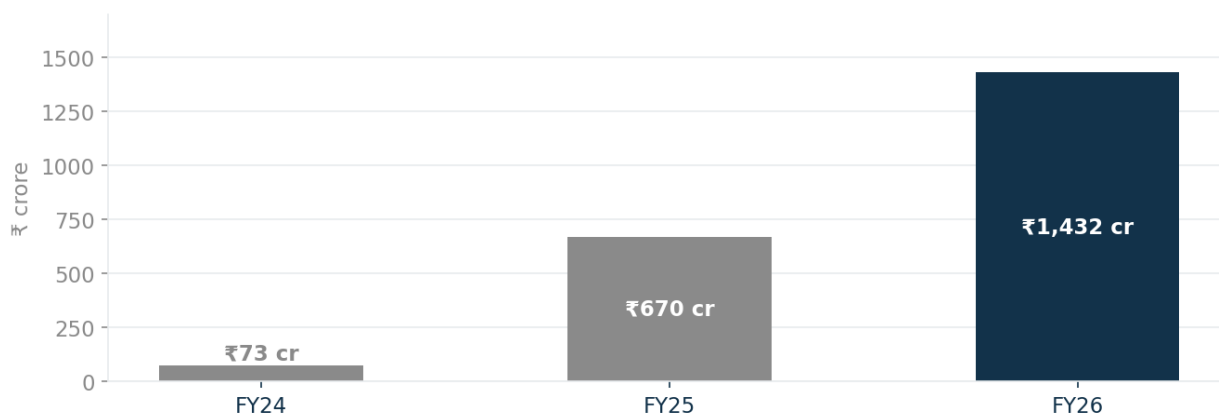
The NSE group: wholly owned clearing, index, data and GIFT City subsidiaries, a new coal exchange, and minority stakes in NSDL and other market institutions Source: RHP p.223.

12. Key Risks

1. Options share is eroding. NSE's share of equity-options premium fell from 96.86% in FY24 to 68.48% in Q1 FY27 (p.202), while options were 60.17% of Q1 FY27 revenue (p.27). BSE's options premium turnover nearly doubled over the same year (p.142). Every further ten-point loss of share, at FY26's options revenue, is roughly ₹1,300 crore of annual revenue ($₹9,998 \text{ crore} \div 74.71\% \times 10\%$).

2. Regulation can cut volumes overnight. SEBI's 2024–25 derivative framework cut FY26 futures revenue by 14.31% (p.29), and the STT increase of April 2026 raises trading costs further (p.401). SEBI has flagged continuing concern about expiry-day speculation (p.29).

3. "One-off" regulatory costs keep recurring. SEBI settlement fees were ₹73 crore, ₹670 crore and ₹1,432 crore across FY24–FY26 (p.419), yet the company's normalised margin excludes them. Settlement values for market infrastructure institutions are set at the highest base (p.32). Investors should treat some level of such cost as ongoing.

SEBI settlement fees, treated as one-offs, have appeared in each of the last three years

Source: RHP p.419 (SEBI settlement fees added back in normalised EBITDA)

4. Clearing competition. Since interoperability began in 2019, NSE Clearing's share of cash settlement fell from 94.24% in FY25 to 86.63% in Q1 FY27, and of equity derivatives from 95.67% to 91.20% (p.51). Clearing revenue fell 21.75% in FY26 (p.411).

5. Concentration in a few brokers. The top ten trading members contributed 47.00% of Q1 FY27 revenue (p.29). A regulatory action against a large discount broker, or a shift of its flow to BSE, would hit revenue quickly.

6. Contingent claims of ₹12,226 crore. These include the ₹912 crore MSEI competition claim, ₹665 crore of income-tax disputes and ₹9,950 crore of bank guarantees given to BSE's clearing house under interoperability (p.87–88). The Karvy pledge appeal is unquantified (p.88).

7. Technology failure and cyber-attack. NSE lists eight incidents between August 2023 and March 2026, including login failures and incorrect open-interest data (p.35), and a distributed denial-of-service attack in 2025 (p.36). A full outage on an expiry day would bring both penalties and loss of share.

8. Receivables and audit transition. Receivable days rose from 32 to 54 in FY26 while revenue fell 3% (p.80, 82). The statutory auditor changed on 24 August 2026 on completion of term (p.97–111), and the restated financials carry an emphasis of matter on the co-location orders (p.46).

9. Valuation leaves little room for error. At 42.9x FY26 earnings (Krijuna workings), the price assumes a return to growth. A second year of flat revenue would leave the multiple unsupported.

13. Outlook and Recommendation

NSE is the infrastructure through which most Indian savings reach the stock market. Its share of cash-market trading, futures and index benchmarks is as close to permanent as any franchise in Indian markets, and it turns

about three-quarters of revenue into operating profit with no debt. Over three years or more, as SIP flows, listings and investor numbers compound, NSE should grow with them.

The near-term picture is weaker. FY26 was a down year, and the options business, which dominates revenue, is now a genuine duopoly after BSE's gains. The June 2026 quarter showed recovery, with revenue up 13.1% and continuing profit up 11.0% (p.205, 411), but one quarter does not settle it. The price, at 42.9x FY26 earnings, is a discount to BSE and to the last private deals, not a bargain.

The balance favours a long-term holder: the protected parts of the business (cash, futures, colocation, listing, data, indices and clearing) are about 35% of revenue and growing, and options, even at a lower share, remain the largest and most profitable single line in Indian markets.

RECOMMENDATION: SUBSCRIBE — LONG TERM

For investors on a listing horizon: the issue's size (₹22,569 crore), the absence of fresh capital and the sellers' very low cost do not by themselves support a listing-day view. Krijuna does not make a listing call on this issue.

15. Disclosures

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Research Analyst Name	Krijuna Research and Analytics	
Proprietor Name	Mr. Hemant Bajaj	
SEBI Registration Number	INH000014881	
BSE Enlistment Number		6019
Address	8001 8th Floor World Trade Center, Near Udhna Darwaja Ring Road Surat, Surat, Gujarat, 395002	
Email ID	krijuna01@gmail.com	
Contact No.		9723693911

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Krijuna Research and Analytics

8001 8th Floor World Trade Center, Near Udhna Darwaja Ring Road Surat, Surat, Gujarat, 395002
 krijuna01@gmail.com · 9723693911 · SEBI RA No. INH000014881 · BSE Enlistment No. 6019