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IPO Note:

**NATIONAL STOCK EXCHANGE OF INDIA LIMITED -
SUBSCRIBE**

Investment Recommendation and Rationale: -

NSE offers a strong play on the continued formalisation and deepening of India's capital markets, with increasing participation providing a long runway for transaction growth. The company is also evolving beyond its core exchange operations by expanding products, strengthening its market-data monetisation and building its GIFT City and international presence. Its ability to introduce new segments and deepen participation should support incremental revenue streams over time. Healthy cash generation provides flexibility to invest in these growth opportunities while maintaining profitability. At the upper price band of ₹1785, the issue is valued at a P/E multiple of about 42.89x on its FY26 post-IPO EPS of ₹41.62. We give a 'SUBSCRIBE' rating to the issue.

NSE has been the largest stock exchange in India by total turnover in the cash market and equity derivatives since Fiscal 2001 and in exchange-traded currency derivatives since 2009, while globally it was the largest multi-asset class exchange by number of cash-equity trades and equity-derivative contracts in Fiscal 2026. NSE accounted for a global market share of 11.38% in cash-equity trades and 51.18% in equity-derivative contracts in FY2026, which stood at 10.68% and 50.22%, respectively, in 3M FY27. As a first-level regulator, NSE is responsible for providing transparent, fair and unrestricted market access while ensuring orderly market functioning and safeguarding investor interests.

NSE operates a diversified platform spanning cash market, futures and options, mutual funds, commodity derivatives, exchange-traded currency derivatives, wholesale debt market and interest-rate futures, supported by a unified membership, technology and risk-management framework. Its vertically integrated model brings trading, clearing, settlement, listing, data and other market services onto a single ecosystem, enabling efficient capital utilisation and reducing operational complexity for market participants. NSE has maintained strong leadership across key segments, with market share of 92.99% in cash market, 99.79% in equity futures and 74.71% in equity options based on premium turnover in FY2026.

Established in 1992, NSE has evolved into an important component of India's capital-market infrastructure, supported by a broad and growing investor base. Unique Registered Investors increased at a CAGR of 26.23% from 30.87mn as of March 2020 to 132.37mn as of June 2026, while the market capitalisation of listed entities (Mainboard and EMERGE) on its platform grew at a CAGR of 25.89% over the same period. As of June 30, 2026, NSE had 261.36mn registered investor accounts, 1,328 trading members and 3,005 listed entities, with listed-entity market capitalisation of ₹474.08tn. Its investor base covered more than 99% of Indian postal codes, highlighting the broad reach of its platform.

NSE has also developed a broader market ecosystem through its subsidiaries and associates. NSE Clearing Limited (NCL), established in 1995, is the largest clearing corporation in India by cleared value and maintained a Core Settlement Guarantee Fund of ₹133.62bn on a standalone basis, as of June 30, 2026. NSE Indices manages 435 indices, including the flagship Nifty 50, while NSE Data and Analytics provides real-time market data, valuations and analytical solutions to institutional investors, asset managers and regulators. NSE's GIFT City operations through NSE International Exchange further strengthen its international presence, with a 99.62% market share in equity derivatives by contracts traded at GIFT IFSC in 3M FY27.

Technology remains a key enabler of NSE's scale, with its platform processing an average of 12.46bn messages daily during April 2024-June 2026 and a peak of 21.89bn order messages in a single day on March 24, 2026. The platform can process 5mn messages per second with microsecond response time across key segments and is supported by seven data centres, a mirrored disaster-recovery site and a nationwide network of points of presence.

NSE also plays a significant role in India's capital-formation process, facilitating over ₹4.78tn of equity capital and ₹20.33tn of total fund mobilisation in FY2026. Revenue grew at 5.98% CAGR to ₹166.01bn and profit at 11.37% CAGR to ₹103.02bn between FY24-FY26. FY26 EBITDA margin stood at 66.85% and PAT margin at 50.98%, highlighting strong profitability and operating leverage.

Issue Opens	17 th September 2026
Issue Closes	21 th September 2026
Type of Issue	Offer for sale of 12,64,36,650 shares of ₹1 (aggregating up to ₹22,562.00 Crores)
Issue size	₹ 22,562 Crores
Price Band	₹1700 to ₹1785 per share
Bid lot/ Bid Size	8 shares/ Rs. 14,280
Issue structure	QIB-50%, HNI- 15%, Retail- 35%
Post issue equity shares	2,47,50,00,000 shares
Post issue implied market cap	₹4,41,787.5 Crores
BRLMs	Kotak Mahindra Capital Company Limited, J.P. Morgan India Private Limited, Anand Rathi Advisors Limited, Axis Capital Limited, DAM Capital Advisors Limited, JM Financial Limited, Avendus Capital Private Limited, 360 ONE WAM Limited
Registrar to the issue	MUFG Intime India Private Limited

**Please refer to the RHP for the complete list of BRLM*

Financial Summary (in ₹ million, unless otherwise indicated)

Particulars	Fiscal			
	3M FY27	2026	2025	2024
Revenue from operations (₹)	45,604.10	166,013.09	171,406.78	147,800.11
Total Income (₹)	52,521.74	187,133.70	191,768.31	163,520.62
Operating EBITDA (₹)	35,942.48	110,979.03	126,468.83	98,698.05
Operating EBITDA Margin (%)	78.81	66.85	73.78	66.78
Profit for the period/year (₹)	31,200.84	103,020.61	121,876.89	83,057.41
Return on Capital Employed (%)	11.55*	42.80	52.11	45.50
Operating Metrics				
Unique Registered Investors (million)	132.37	129.09	112.81	91.75
Listed Entities on Exchange	3,005	2,978	2,719	2,438
Market Capitalisation of Listed Entities(₹ in trillion)	474.08	411.25	410.87	384.21
Trading Metrics: Average Daily Trading Volume ("ADTV")				
Cash market (₹)	1,359,487	1,055,167	1,129,632	817,213
Equity futures (₹)	1,530,789	1,594,432	1,859,014	1,340,003
Equity options (premium value) (₹)	643,518	576,618	624,487	617,788
Equity options (notional value) (₹)	249,212,893	258,284,697	312,838,244	323,569,230

** Not annualized ; Source: RHP*



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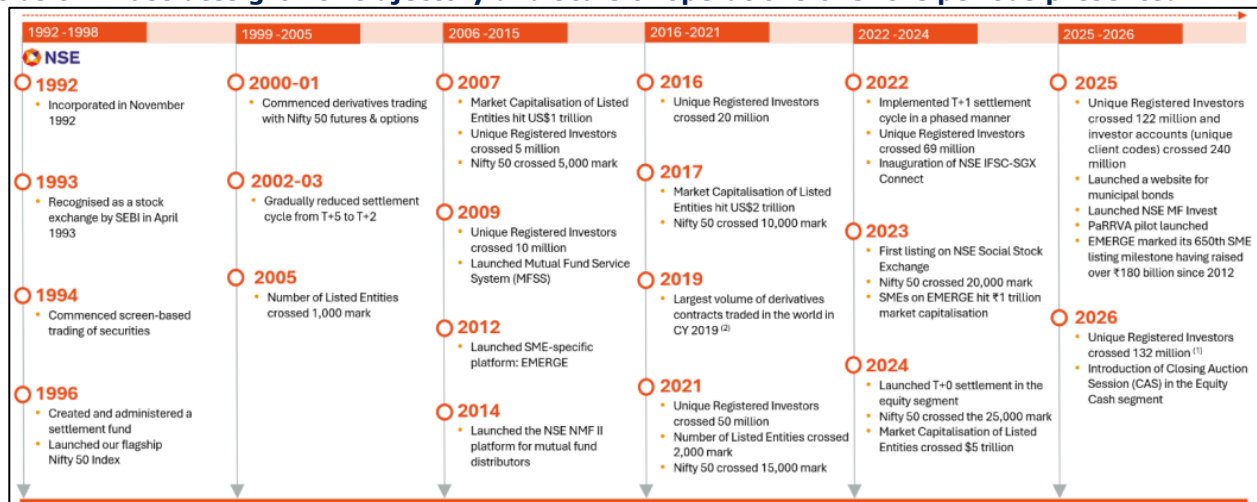
GLOBAL RANKING	MARKET SHARE IN INDIA	REACH	TRADING INFRA	CLEARING INFRA ⁽⁷⁾
#1 Multi-Asset Class Exchange ⁽¹⁾	93.05% Cash Market ⁽³⁾	132.37 Mn Unique Registered Investors ⁽⁹⁾	12.46 Bn Average Messages Processed daily ⁽¹¹⁾	#1 Clearing Corporation in India ⁽¹¹⁾
#1 Cash Equities ⁽¹⁾	99.72% Equity Futures ⁽⁴⁾	Over 99% PIN Codes ⁽⁶⁾	~5 Mn Messages per Second across asset classes	AAA Rated By Credit Rating Agency ⁽⁸⁾
#1 Equity Derivatives ⁽¹⁾	68.48% Equity Options ⁽⁵⁾	1,400+ Cities ⁽⁶⁾	200k+ Trading Terminals ⁽⁶⁾	₹133.92 Bn Core Settlement Guarantee Fund ⁽⁹⁾
#2 Listing Platform ⁽²⁾		3,005 Listed Entities ⁽¹⁰⁾	Nanosecond Response Time	

The following table provides market share for cash market, equity futures and equity premium for the periods/years indicated:

Market	Three months period ended June 30		Fiscal		
	2026	2025	2026	2025	2024
Cash Market	93.05%	93.80%	92.99%	93.57%	92.50%
Equity Futures	99.72%	99.77%	99.79%	99.89%	99.94%
Equity options (premium turnover)	68.48%	78.63%	74.71%	87.43%	96.86%

Source: Red Herring Prospectus (RHP)

The chart below illustrates growth trajectory and scale of operations over the periods presented:



Source: Red Herring Prospectus (RHP)

Shareholding pattern:

Name of the Selling Shareholders	Type	Number of Equity Shares Offered	Weighted Average Cost of Acquisition per Equity Share (in ₹)
State Bank of India	CSS	Up to 15,969,410 Equity Shares of face value of ₹1 each	0.80
Canada Pension Plan Investment Board	CSS	Up to 11,874,060 Equity Shares of face value of ₹1 each	324.13
Aranda Investments (Mauritius) Pte Ltd	CSS	Up to 11,246,336 Equity Shares of face value of ₹1 each	62.38
MS Strategic (Mauritius) Limited	CSS	Up to 11,000,000 Equity Shares of face value of ₹1 each	66.54
The New India Assurance Company Ltd.	CSS	Up to 10,500,000 Equity Shares of face value of ₹1 each	0.32
SBI Capital Markets Limited (SS)	CSS	Up to 8,780,590 Equity Shares of face value of ₹1 each	0.38
Bank of Baroda	CSS	Up to 7,690,375 Equity Shares of face value of ₹1 each	0.54



Stock Holding Corporation of India Limited	CSS	Up to 6,187,500 Equity Shares of face value of ₹1 each	0.46
General Insurance Corporation of India	CSS	Up to 6,187,500 Equity Shares of face value of ₹1 each	5.26
United India Insurance Company Limited	CSS	Up to 6,000,000 Equity Shares of face value of ₹1 each	0.50

Source: Red Herring Prospectus (RHP)

Offer for Sale of 12,64,36,650 shares of ₹1 (aggregating up to ₹ 22,562 Cr)

Source: Red Herring Prospectus (RHP)

Peer Comparison

Name of the Company	Face Value per Equity Share (₹)	Revenue from operations (in ₹ million)	EPS (Basic) (₹)	EPS (Diluted) (₹)	NAV (₹ per share)	P/E	RONW (%) for Fiscal 2026
NSE Limited	1.00	166,013.09	41.62	41.62	129.75	NA	33.21%
Listed peer							
BSE Limited	2.00	48,339.50	60.61	60.61	163.60	54.28	45.00%

Source: Red Herring Prospectus (RHP)

Competitive Strengths

1. As India's leading stock exchange, NSE benefits from strong trading liquidity, broad market participation and a large ecosystem of investors, issuers and intermediaries.
2. NSE is well positioned to benefit from India's long-term financialisation, rising retail participation, increasing equity penetration and growth in capital markets, which further strengthen its network effects.
3. NSE has built a strong brand synonymous with trust, transparency, efficiency and reliability, supported by its role across trading, clearing, settlement and market supervision.
4. A broad portfolio of equity, derivatives and other market offerings, supported by a vertically integrated business model, enables NSE to address diverse market-participant needs.
5. Its technology platform is designed for high transaction volumes, scalability, speed and resilience, supporting sustained growth in trading activity.
6. NSE combines large operating scale, healthy profitability and sustained cash generation, providing financial flexibility to invest in technology and new growth opportunities.
7. An experienced management team, supported by robust corporate governance practices, provides a strong foundation for sustainable growth and reinforces stakeholder confidence.

Source: Red Herring Prospectus (RHP)

Growth Strategies

1. Continue to act as a catalyst for capital formation across asset classes by attracting new issuers and expanding the investor base.
2. Maintain transparent, fair and orderly markets with equal access for participants, while promoting responsible investing and greater financial inclusion.
3. Continue to enhance and modernise technology infrastructure to improve scalability, resilience, efficiency and the overall market experience.
4. Introduce new products and automate emerging market segments to deepen market participation and diversify revenue streams.
5. Leverage its comprehensive market-data ecosystem to develop and enhance data monetisation opportunities.
6. Forge strategic global partnerships and expand its presence in GIFT City's IFSC to strengthen India's position as a global financial hub.
7. Build a strategic international presence to tap global market opportunities and diversify NSE's growth drivers..

Source: Red Herring Prospectus (RHP)

Key Risks

1. A significant decline in trading volumes or transaction values could reduce demand for NSE's services, adversely impacting transaction revenue, profitability, cash flows and growth prospects, with 79.44% of revenue from operations in Q1FY27 derived from transaction charges.
2. 2NSE's transaction revenue remains heavily dependent on the options segment, which contributed 60.17% of revenue from operations in Q1FY27, making the business vulnerable to changes in options trading activity, regulations or investor participation.
3. NSE operates in a highly regulated environment under SEBI and IFSCA and has received regulatory observations, show-cause notices and warnings; further regulatory actions, penalties or directions could adversely affect its operations, reputation and financial performance.
4. Any disruption, failure or inadequacy in NSE's technology infrastructure, systems or third-party IT services could disrupt trading and market operations, damage its reputation and financial performance, and potentially result in regulatory action or financial disincentives..

Source: Red Herring Prospectus (RHP)


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