

India's NSE Debuts at \$46 Billion Valuation in Landmark Listing

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The National Stock Exchange of India (NSE), the operator of the world's largest derivatives platform by contract volume, began trading on the BSE on Thursday, concluding a decade-long effort to bring one of the country's most profitable financial institutions to public markets.

Shares opened at 1,800 rupees, a premium of 0.84% over the top of the issue price band of 1,700 to 1,785 rupees, before climbing as much as 3.36% to 1,845 rupees during the session. The debut gave the exchange a market capitalization of approximately 4.60 lakh crore rupees (\$46 billion), confirming its status as India's second-largest initial public offering on record.

The listing follows a 22,569 crore rupee offering that was entirely an offer for sale by existing shareholders, meaning the exchange itself received no proceeds. State Bank of India and Bank of Baroda were among the sellers who reduced their stakes. The IPO, which ran from September 17 to 21, drew bids for 505.81 million shares against 88.6 million on offer, translating to overall subscription of 5.71 times.

Demand was strongest among institutional investors. The qualified institutional buyer category was oversubscribed 12.68 times, while non-institutional investors bid for 6.55 times their allotted

portion. Retail participation was comparatively restrained at 1.39 times. Cornerstone investors included the Monetary Authority of Singapore, the Abu Dhabi Investment Authority, and Life Insurance Corporation of India.

A Decade in the Making

NSE first filed for an IPO in 2016, but the plan stalled amid regulatory scrutiny over its co-location facility, which had allowed certain brokers to place servers closer to the exchange's matching engine. The Securities and Exchange Board of India (SEBI) only issued a no-objection certificate in January 2026, followed by formal approval of the offering on September 4.

The exchange enters the public market with a dominant position in Indian equities. It controls more than 93% of cash-market trading and approximately 75% of equity options volume. That franchise generated operating revenue of about 1,660 crore rupees in fiscal 2026, with trading fees accounting for roughly 79% of the total. Equity options alone contributed about 60% of operating revenue.

Metric	NSE (FY26)	Detail
Cash market share	>93%	Dominant position in Indian equities
Equity options share	75%	Down from 97% in FY24
Operating revenue	~1,660 crore rupees	Trading fees ~79% of total
Normalized EBITDA margin	76-77%	FY24-FY26 range
Adjusted profit after tax	~910 crore rupees	Down 17% year-on-year

Note: Figures reflect fiscal year 2026, which ended March 31, 2026. Market share data as reported by the exchange and SEBI filings.

The business model resembles a toll booth on Indian capital markets activity. Every transaction generates a small fee, and the exchange's overwhelming liquidity advantage makes it difficult for competitors to dislodge. Normalized EBITDA margins have held between 76% and 77% over the past three fiscal years, a level that reflects minimal capital requirements compared with banks or brokerages.

Regulatory Headwinds and Structural Risks

The listing arrives at a delicate moment for NSE's core derivatives franchise. SEBI has been tightening rules around short-dated options since 2024, reducing the number of weekly expiries, increasing contract sizes, and raising margin requirements near expiration. The regulator's own research found that 91% of individual derivatives traders lost money in fiscal 2025.

Those measures are already visible in the exchange's financials. Fiscal 2026 was the first full year under the revised framework, and operating revenue declined about 3% year-on-year. Adjusted profit after tax fell 17% to approximately 910 crore rupees. Equity options market share dropped

from 97% in fiscal 2024 to 75% two years later.

Management is attempting to diversify away from transaction-dependent revenue. Data subscriptions, index licensing, clearing services, and technology offerings are growing rapidly. Data subscription revenue rose 40.6% year-on-year in the first quarter of fiscal 2027, according to company disclosures.

Jefferies said in a note that the listing would improve valuation transparency and governance while potentially attracting billions of dollars in foreign portfolio inflows. The brokerage framed the debut as a catalyst for re-rating India's exchange sector as a whole.

Valuation and Peer Comparison

At the debut price, NSE traded at roughly 44.2 times fiscal 2026 earnings per share of 41.62 rupees. That compares with approximately 54.3 times for BSE, its closest listed peer. The discount reflects investor uncertainty about whether NSE can sustain its profit trajectory as derivatives regulation constrains the highest-margin parts of its business.

Seema Srivastava, senior research analyst at SMC Global Securities, characterized NSE's advantage as a liquidity and network-effect moat rather than a monopoly. She noted that the comparison between NSE and BSE should focus on how much future earnings growth each valuation already discounts, rather than simply which stock carries the lower multiple.

BSE presents a different growth profile. Its cash-market average daily turnover reached a record 9,955 crore rupees in the June quarter, while derivatives average daily premium turnover hit 29,615 crore rupees, up 96% year-on-year. The exchange's SME platform has crossed 750 listed companies, and non-transaction businesses such as StAR MF and co-location services are adding revenue diversification.

Mahesh M. Ojha, vice president of research and business development at Kantilal Chhaganlal Securities, said both stocks could remain range-bound in the near term given sector-wide pressure, but indicated BSE appeared to be the preferred choice based on its relative positioning.

India's Equity Culture Deepens

The NSE listing is also a milestone for India's broader capital markets. SEBI's annual report shows that companies raised approximately 2.3 trillion rupees through IPOs, follow-on offerings, and rights issues in fiscal 2026, up 11.7% year-on-year. India ranked first globally by number of issues and third by total proceeds.

Pranav Haldea, managing director of Prime Database, called the NSE debut a landmark event for India's primary market. The listing comes as domestic institutional investors have become the dominant force in Indian equities, offsetting sustained foreign selling.

Foreign portfolio investors sold approximately 1.8 trillion rupees of Indian stocks in fiscal 2026,

but domestic institutions bought a record 8.5 trillion rupees, with mutual funds contributing about 6.4 trillion rupees. Domestic institutions now hold 17% of NSE-listed shares, a historic high, while foreign ownership has fallen to 15.8%, the lowest level in 15 years.

Sundararaman Ramamurthy, managing director and chief executive officer of BSE, said domestic capital is providing stability to the market and cushioning the impact of foreign outflows.

The structural shift is reflected in household savings patterns. India's Economic Survey 2025-26 shows that equities and mutual funds now account for more than 15.2% of annual household financial savings, up from about 2% in fiscal 2012. Monthly systematic investment plan inflows have surged from under 400 crore rupees in fiscal 2017 to more than 2.8 trillion rupees during April-November of fiscal 2026.

For investors, the listing creates a new benchmark for valuing India's exchange infrastructure. Previously, NSE shares traded only in the unlisted market, where pricing was opaque and liquidity limited. The public listing now provides a transparent price discovery mechanism and allows direct comparison with BSE on valuation, profitability, and growth.

Shivani Nyati, head of wealth at Swastika Investmart, described the debut as reflecting measured market expectations rather than an aggressive listing-day spike. She noted that nearly 79% of NSE's revenue remains tied to trading activity, making earnings sensitive to market volumes and regulatory changes.

Abhinav Tiwari, senior research analyst at Bonanza, said the listing has expanded NSE's shareholder base from about 200,000 investors before the IPO to nearly 3.6 million after. He said the stock needs time for price discovery and that he would prefer to wait at least one quarter before assessing its sustainable valuation.