

BSE SENSEX	S&P CNX		
83,311	25,510		
<b>Financials &amp; Valuations (INR b)</b>			
Y/E Mar	FY25	FY26E	FY27E
Net Sales	171.4	156.7	178.4
EBITDA	135.5	119.8	133.0
PAT	111.1	104.1	117.6
Adj. PAT	116.5	105.1	117.6
EPS (INR)	44.9	42.1	47.5
EPS Gr (%)	33.8	(6.3)	12.9
BV / Sh (INR)	122.6	138.7	160.1
<b>Ratios (%)</b>			
RoE	42.9	32.5	31.8

## Not Rated

### Volume decline hits revenue; settlement fees impact PAT

- NSE reported operating revenue of INR36.8b in 2QFY26, down 18% YoY/9% QoQ, largely owing to 22% YoY decline in transaction charges. For 1HFY26, revenue declined 15% YoY.
- Total expenditure was up 38% YoY at INR21.9b owing to provisions made for a SEBI settlement fee for INR13b, while employee expenses/regulatory fees declined 4%/35% YoY. EBITDA declined 49% YoY/53% QoQ to INR14.8b, reflecting EBITDA margin of 40.4% (64.7% in 2QFY25). Excluding the impact of the settlement fee, EBITDA was INR27.8b with EBITDA margin was 76%.
- Adjusting for the settlement fee and the exceptional gain of INR12b from the stake sale in NSDL, reported PAT came in at INR21b, down 33% YoY/28% QoQ. Excluding the impact of the settlement fee, PAT was INR34b. For 1HFY26, reported PAT declined 12% YoY.
- NSE continues to focus on product innovation, with electricity and commodity derivatives witnessing significant traction and expected to meaningfully contribute in the long term. The exchange's long-term growth trajectory remains intact, with a recovery in trading volumes, sustained leadership across market segments, a strong pipeline of primary market issuances and an expanding investor base.
- **The settlement fee was a one-time hit on profitability. Going forward, we believe transaction revenue will be boosted by a gradual recovery in volumes and non-transaction revenue will maintain momentum. However, the possibility of further tightening of F&O regulation remains a key risk. Overall, we expect a CAGR of 6%/4%/7% in revenues/EBITDA/reported PAT over FY25-28.**

### Decline in ADTO across segments

- Revenue mix was dominated by transaction charges (67% of revenue), which declined 22% YoY owing to 12%/16%/16% decline in cash/ futures/ option premium ADTO. Transaction charges from cash/ futures/ options declined 27%/31%/20% YoY.
- Equity options contributed 76% to revenue from transaction charges, followed by cash market (13%) and equity futures (11%).
- Data center charges (7% of revenue) grew 6% YoY, data feed & terminal services (3% of revenue) grew 11% YoY, and listing services (2% of revenue) grew 10% YoY. Operating investment income (5% of revenue) fell 16% YoY.
- On a standalone basis, NSE's revenue declined 19% YoY to INR3.7b and normalized PAT (excluding SEBI settlement fees and exceptional investment gain) declined 13% YoY to INR2.6b.
- Market share in Cash/Equity Futures/Equity Options (Premium) /Currency Derivatives for 2QFY26 stood at 92.3%/99.8%/75.6%/100% vs. 93.8%/99.8%/78.6%/100% in 1QFY26.
- In listing services, 1HFY26 witnessed 122 IPO listings on the mainboard and SME platforms, with INR0.6t of equity capital raised through IPOs.

- There are 2,200+ colocation racks as of 30<sup>th</sup> Sep'25, including 1,400 member racks and 800+ captive racks.
- The unique registered investor base grew to 120m+, with total investor accounts at 240m+.

### Key takeaways from the management commentary

- Sixty-six passive equity and debt funds were launched in India during 1HFY26, of which 52 were benchmarked to Nifty indices, reinforcing NSE's leadership in index-linked products.
- Management clarified that there are no immediate plans to increase transaction charges, though SEBI approval is not required should the exchange decide to revise tariffs in the future.
- The company has filed a settlement application with SEBI pertaining to the colocation and dark-fiber orders, and awaits a response.

Quarterly Performance		(INR b)							
Y/E March		FY25				FY26		YoY (%)	QoQ (%)
		1Q	2Q	3Q	4Q	1Q	2Q		
<b>Gross Sales</b>		<b>45.1</b>	<b>45.1</b>	<b>43.5</b>	<b>37.7</b>	<b>40.3</b>	<b>36.8</b>	<b>171</b>	<b>-18%</b>
YoY Change (%)		51.0	23.5	23.7	-18.4	-10.6	-18.5	16.0	-9%
Employee Expense		1.5	1.9	1.6	1.7	2.0	1.9	6.7	-4%
Other Expenses		6.7	7.3	7.2	8.0	7.0	7.1	29.2	-3%
Total Expenditure		8.2	9.2	8.8	9.7	9.0	8.9	36.9	-3%
<b>EBITDA</b>		<b>36.9</b>	<b>35.9</b>	<b>34.7</b>	<b>28.0</b>	<b>31.3</b>	<b>27.8</b>	<b>134.5</b>	<b>-22%</b>
Margins (%)		81.9	79.5	79.7	74.3	77.6	75.7	78.5	
Depreciation		1.3	1.4	1.3	1.5	1.5	1.6	5.5	18%
Other Income		4.4	5.1	4.6	6.3	7.7	4.8	20.4	-6%
<b>PBT before EO expense</b>		<b>40.1</b>	<b>39.6</b>	<b>37.9</b>	<b>32.8</b>	<b>37.5</b>	<b>31.0</b>	<b>149.4</b>	<b>-22%</b>
Contribution to SGF		-5.9	4.3	-0.7	0.0	0.0	0.0	0.0	
<b>PBT</b>		<b>34.2</b>	<b>43.9</b>	<b>37.2</b>	<b>32.7</b>	<b>37.5</b>	<b>31.0</b>	<b>149.4</b>	<b>-29%</b>
Tax		8.5	10.2	11.0	9.0	9.6	9.4	38.7	
Rate (%)		21	31	22	27	26	31	25.9	
Exceptional Item		0.0	-6.7	-11.5	-0.5	0.0	-1.0	12.1	
Minority Interest & Profit/Loss of Asso. Cos.		0.2	0.3	0.4	0.4	0.3	0.3	1.3	
<b>PAT</b>		<b>26.0</b>	<b>27.3</b>	<b>15.1</b>	<b>23.6</b>	<b>28.1</b>	<b>21.0</b>	<b>124.1</b>	<b>-23%</b>
YoY Change (%)		30.9	-12.9	-51.8	-35.4	8.3	-23.2	28.3	
Margins (%)		57.6	60.5	34.6	62.5	69.7	57.0	72.4	
<b>Reported PAT (ex-discontinued operations and SGF)</b>		<b>25.7</b>	<b>31.4</b>	<b>38.3</b>	<b>26.5</b>	<b>29.2</b>	<b>21.0</b>	<b>121.9</b>	<b>-33%</b>
YoY Change (%)		39.2	57.0	94.1	6.5	13.9	-33.1		
Margins (%)		56.9	69.6	88.1	70.3	72.5	57.1		
<b>Revenue break-up (INR m)</b>									
Trading Services		41	41	40	34	36	33		<b>-11%</b>
Clearing Services		7	8	6	4	5	4		<b>-35%</b>
Other Segments		5	1	2	1	1	2		<b>-70%</b>
<b>Revenue mix</b>		.	.	.	.	.	.		
Trading Services		77%	82%	83%	86%	86%	85%		
Clearing Services		13%	15%	13%	11%	11%	11%		
Other Segments		10%	2%	3%	4%	4%	4%		



## Key takeaways from the management commentary

### Financial performance

- NSE reported a sequential decline in consolidated income during 2QFY26, primarily driven by lower average traded volumes across both cash and derivatives segments, which led to a reduction in transaction charge income.
- Non-operating investment income also declined due to lower realizations from mutual fund investments and a smaller investment portfolio following the recent dividend payout.
- Meanwhile, other operating income increased sequentially, aided by the receipt of an income-tax refund.
- Regulatory expenses were higher during the quarter due to a sequential increase in notional turnover, while depreciation rose on account of ongoing technology infrastructure investments.
- In Aug'25, NSE sold a 9% stake in NSDL through an OFS, generating a profit of INR12b, thereby reducing its holding to 15%, in line with SEBI shareholding norms.
- The market value of non-NSDL investments stands at INR210b on a standalone basis, with the consolidated value being higher due to the inclusion of core SGF, margin money, and collateral assets.
- The company has filed a settlement application with SEBI pertaining to the colocation and dark-fiber orders, and awaits a response.

### Operational performance

- Operationally, NSE maintained its dominant position across market segments. Fund-raising activity picked up meaningfully, with INR9.7t raised in 1HFY26 through various instruments including IPOs, QIPs, and bond issuances.
- The exchange also noted a growing preference for green financing, with INR6.7b raised through green bonds during 2QFY26.
- NSE retained its leadership in secondary market trading, executing 84% of bulk deals and 83% of block deals across the industry.
- The NSE International Exchange (NSE IX) witnessed healthy activity, with average daily turnover of USD 4.34b.
- Sixty-six passive equity and debt funds were launched in India during 1HFY26, of which 52 were benchmarked to Nifty indices, reinforcing NSE's leadership in index-linked products.
- NSE's MF distribution platform recorded a new all-time high of 1.5m transactions in a single day during the quarter, underscoring its scale and reliability.
- New product initiatives continue to strengthen market diversification. Electricity futures, launched recently, have seen strong traction. The exchange also continues to expand into commodity derivatives, including crude futures, to further broaden its offerings.
- On the Social Stock Exchange front, 14 projects have raised INR430m, reflecting steady progress in this emerging ecosystem.
- The NSE Investor app has gained popularity, enabling users to seamlessly track portfolios across segments.

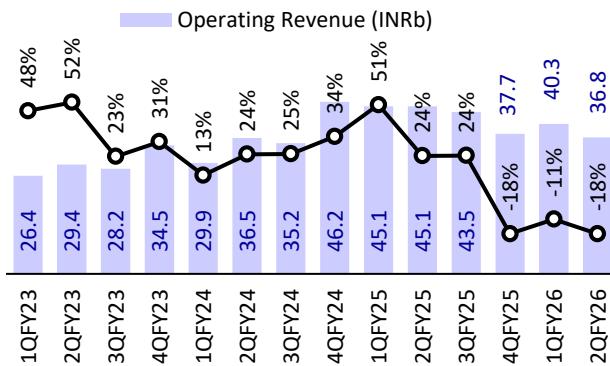
- Management highlighted that NSE's role extends beyond being a purely commercial exchange — it also performs regulatory and market development functions, making its business model distinct from global peers that derive a substantial portion of revenues from data sales. In contrast, Indian exchanges provide market data free of cost, limiting direct comparability with foreign exchanges.

### Transaction charges

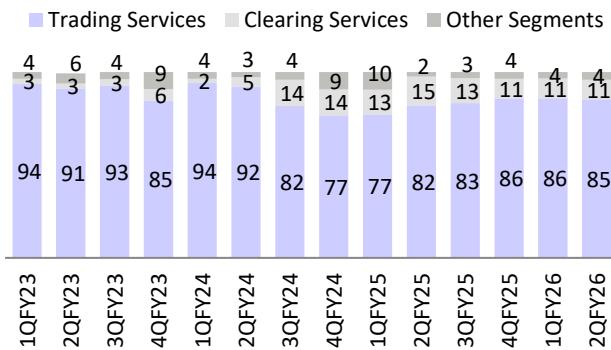
- The equity options segment continues to be the primary revenue driver, and management expects it to remain so in the foreseeable future. While market activity moderated during the quarter, NSE anticipates improvement in transaction intensity as volumes rebound.
- Under the interoperability framework, the clearing corporation charging model has transitioned from a per-contract basis to a premium-turnover-based structure, applicable since Jan'25. Currently, clearing charges are levied on the higher of the two — number of contracts or premium turnover, ensuring stability in clearing revenues despite fluctuations in traded volumes.
- Management clarified that there are no immediate plans to increase transaction charges, though SEBI approval is not required should the exchange decide to revise tariffs in the future.

## Key exhibits

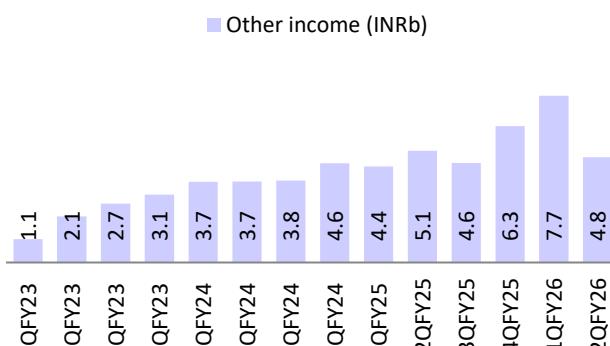
**Exhibit 1: Revenue declined 18% YoY in 2QFY26**



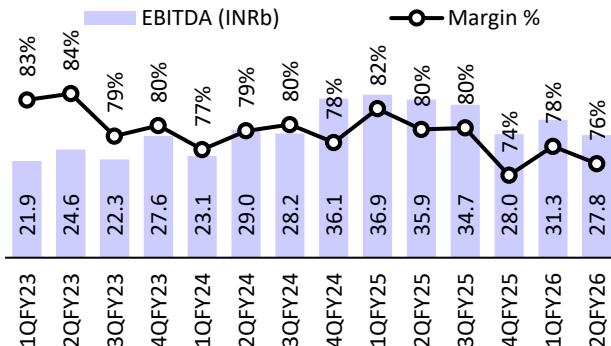
**Exhibit 2: Revenue mix (%)**

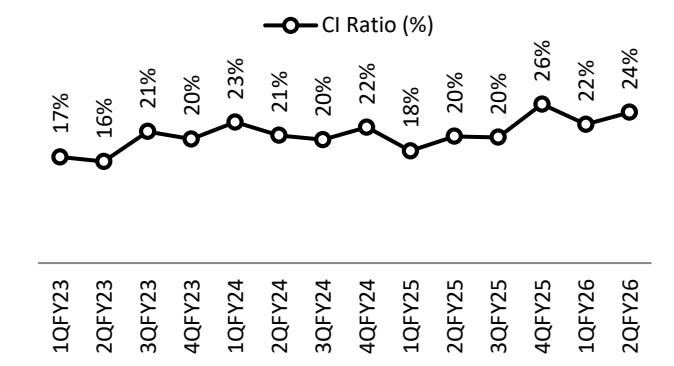
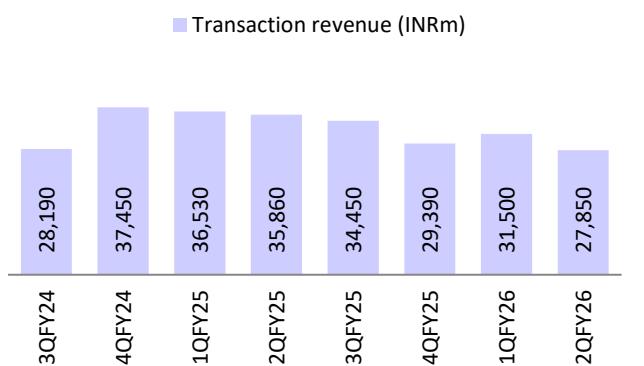
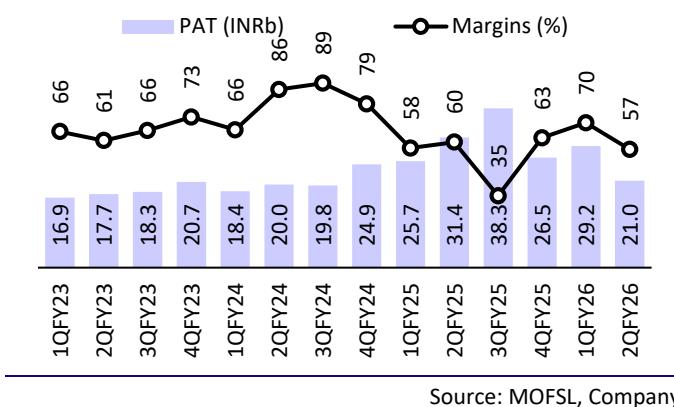


**Exhibit 3: Other income declined in 2QFY26**

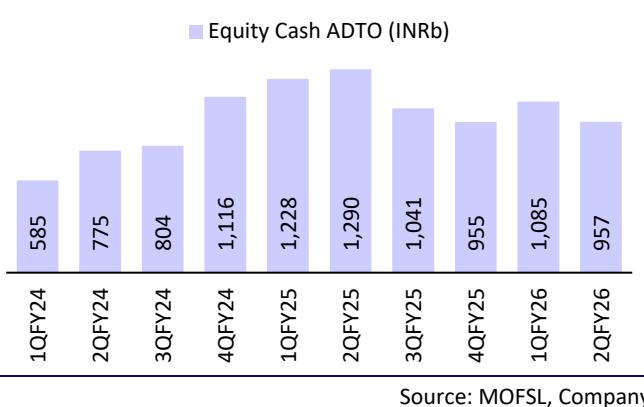


**Exhibit 4: Trend in EBITDA and margins**

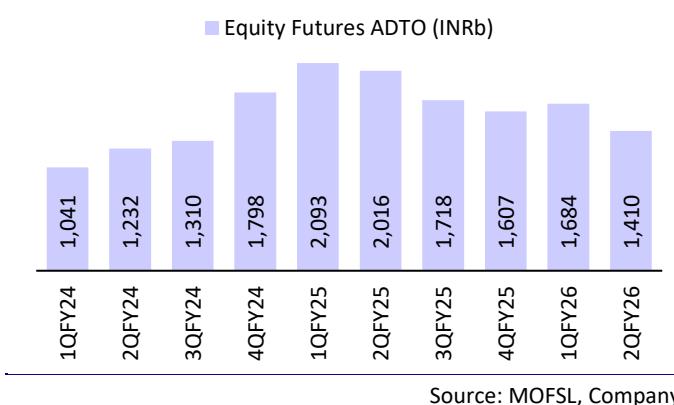


**Exhibit 5: CIR stood at 60% in 2QFY26**

**Exhibit 6: Transaction revenue trends**

**Exhibit 7: Trends in PAT and margins**


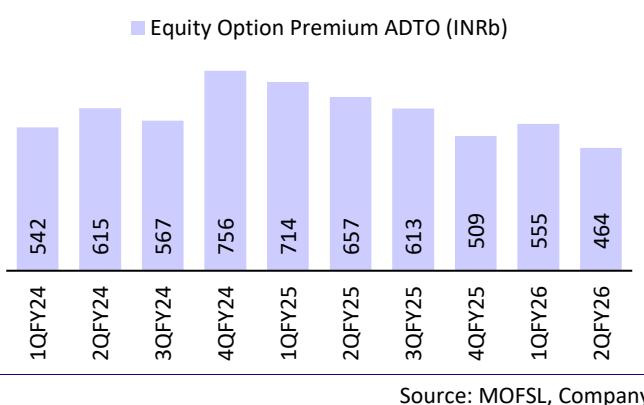
Source: MOFSL, Company

**Exhibit 8: Trend in Equity Cash ADTO**


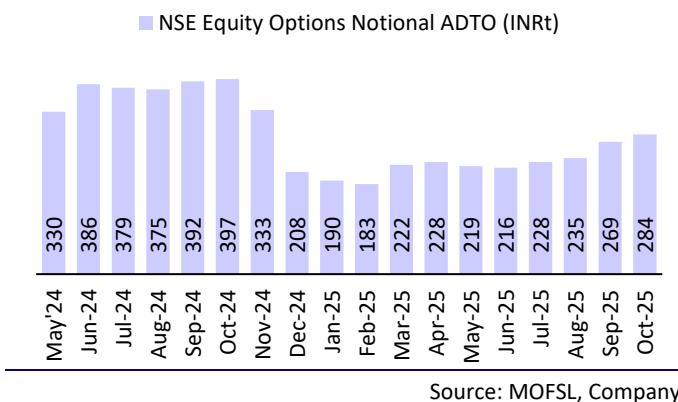
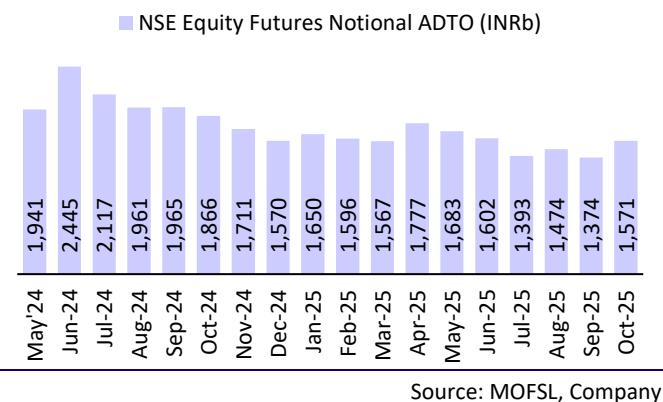
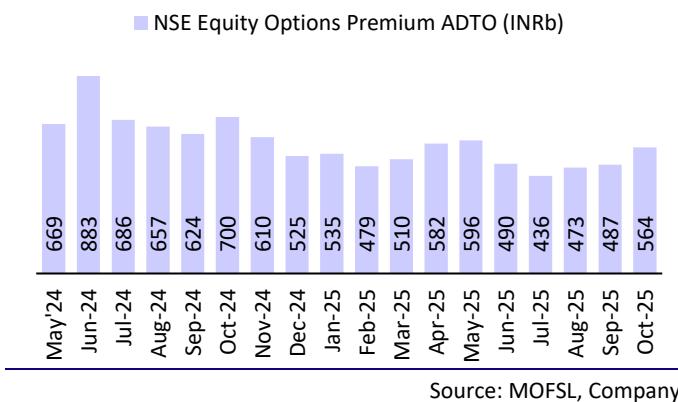
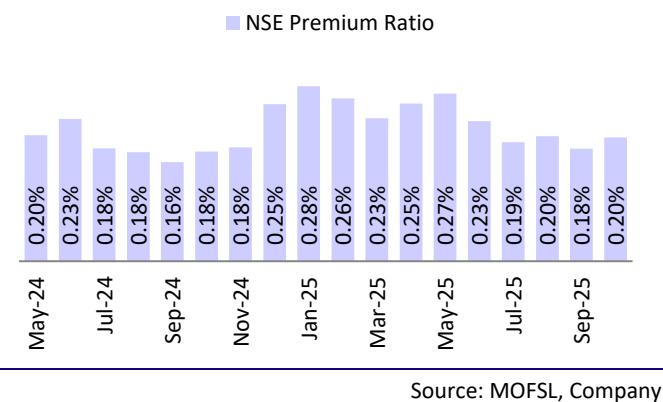
Source: MOFSL, Company

**Exhibit 9: Quarterly trend in Equity Futures ADTO**


Source: MOFSL, Company

**Exhibit 10: Quarterly trend in Equity Options Premium ADTO**


Source: MOFSL, Company

**Exhibit 11: Monthly trend in Equity Options Notional ADTO**

**Exhibit 12: Monthly trend in Equity Futures Notional ADTO**

**Exhibit 13: Monthly trend in Equity Options Premium ADTO**

**Exhibit 14: Monthly trend in Premium/Notional turnover ratio**


## Financials and valuations

Income Statement		(INR m)								
Y/E March		FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Total Income from Operations</b>		<b>35,079</b>	<b>56,248</b>	<b>83,131</b>	<b>1,18,562</b>	<b>1,47,800</b>	<b>1,71,407</b>	<b>1,56,660</b>	<b>1,78,351</b>	<b>2,03,106</b>
Change (%)		17.0	60.3	47.8	42.6	24.7	16.0	-8.6	13.8	13.9
Employees Cost		4,299	4,798	3,564	3,661	4,604	6,718	7,658	8,884	10,305
Other Expenses		8,121	10,043	13,515	18,587	27,090	29,177	29,165	36,428	39,470
<b>Total Expenditure</b>		<b>12,420</b>	<b>14,841</b>	<b>17,079</b>	<b>22,248</b>	<b>31,694</b>	<b>35,895</b>	<b>36,823</b>	<b>45,312</b>	<b>49,775</b>
% of sales		35.4	26.4	20.5	18.8	21.4	20.9	23.5	25.4	24.5
<b>EBITDA</b>		<b>22,660</b>	<b>41,407</b>	<b>66,053</b>	<b>96,315</b>	<b>1,16,107</b>	<b>1,35,512</b>	<b>1,19,837</b>	<b>1,33,039</b>	<b>1,53,331</b>
Margin (%)		64.6	73.6	79.5	81.2	78.6	79.1	76.5	74.6	75.5
Depreciation		1,808	2,260	3,105	3,841	4,396	5,466	6,443	6,845	6,937
<b>EBIT</b>		<b>20,852</b>	<b>39,147</b>	<b>62,948</b>	<b>92,474</b>	<b>1,11,711</b>	<b>1,30,046</b>	<b>1,13,394</b>	<b>1,26,194</b>	<b>1,46,394</b>
Other Income		3,896	5,775	5,607	9,091	16,536	20,362	23,035	28,523	30,464
Contribution to SGF		621	-621	0	2,035	17,410	2,341			
<b>PBT before EO Exp.</b>		<b>24,127</b>	<b>45,543</b>	<b>68,555</b>	<b>99,531</b>	<b>1,10,837</b>	<b>1,48,067</b>	<b>1,36,429</b>	<b>1,54,718</b>	<b>1,76,858</b>
Extraordinary items		0	-1,552	855	0	0	-5,393	-965	0	0
<b>PBT after EO Exp.</b>		<b>24,127</b>	<b>43,991</b>	<b>69,410</b>	<b>99,531</b>	<b>1,10,837</b>	<b>1,42,674</b>	<b>1,35,464</b>	<b>1,54,718</b>	<b>1,76,858</b>
Total Tax		6,405	8,916	16,983	25,397	27,778	38,690	33,866	38,679	44,214
Tax Rate (%)		26.5	20.3	24.5	25.5	25.1	27.1	25.0	25.0	25.0
Minority Interest		-1,126	-659	-903	-885	-1,005	-1,289	-1,417	-1,559	-1,715
Discontinued operations PAT				-1,459	-1,346	-1,007	5,819	1,120	0	0
<b>Reported PAT</b>		<b>18,848</b>	<b>35,734</b>	<b>51,870</b>	<b>73,673</b>	<b>83,058</b>	<b>1,11,091</b>	<b>1,04,136</b>	<b>1,17,597</b>	<b>1,34,358</b>
<b>Adjusted PAT</b>		<b>18,848</b>	<b>37,286</b>	<b>51,015</b>	<b>73,673</b>	<b>83,058</b>	<b>1,16,484</b>	<b>1,05,101</b>	<b>1,17,597</b>	<b>1,34,358</b>
Change (%)		17.9	97.8	36.8	44.4	12.7	40.2	-9.8	11.9	14.3
Margin (%)		53.7	66.3	61.4	62.1	56.2	68.0	67.1	65.9	66.2

Balance Sheet		(INR m)								
Y/E March		FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital		495	495	495	495	495	2,475	2,475	2,475	2,475
Total Reserves		85,718	1,15,865	1,53,609	2,04,290	2,39,249	3,01,058	3,40,744	3,93,892	4,63,800
<b>Net Worth</b>		<b>86,213</b>	<b>1,16,360</b>	<b>1,54,104</b>	<b>2,04,785</b>	<b>2,39,744</b>	<b>3,03,533</b>	<b>3,43,219</b>	<b>3,96,367</b>	<b>4,66,275</b>
Total Deposits		18,840	19,804	23,236	28,811	32,649	37,034	42,589	48,978	56,324
Deferred Tax Liabilities		-3,523	-3,961	-3,603	-3,800	-7,408	-10,662	-12,262	-14,101	-16,216
<b>Net Fixed Assets</b>		<b>7,279</b>	<b>9,122</b>	<b>12,195</b>	<b>11,927</b>	<b>12,352</b>	<b>16,992</b>	<b>17,179</b>	<b>17,679</b>	<b>18,179</b>
<b>Total Investments</b>		<b>73,535</b>	<b>1,14,059</b>	<b>1,37,239</b>	<b>1,89,350</b>	<b>2,92,614</b>	<b>3,39,890</b>	<b>3,89,949</b>	<b>4,47,517</b>	<b>5,13,720</b>
<b>Curr. Assets, Loans&amp;Adv.</b>		<b>1,53,415</b>	<b>1,59,305</b>	<b>1,95,968</b>	<b>1,55,929</b>	<b>3,36,322</b>	<b>3,22,078</b>	<b>3,49,790</b>	<b>3,89,244</b>	<b>4,43,481</b>
Account Receivables		6,521	9,986	16,150	15,892	18,647	15,122	17,390	19,999	22,999
Cash and Bank Balance		1,25,384	1,34,576	1,63,227	1,15,832	2,91,110	2,75,142	2,95,813	3,27,171	3,72,097
Loans and Advances		21,510	14,744	16,592	24,205	26,565	31,814	36,586	42,074	48,385
<b>Curr. Liability &amp; Prov.</b>		<b>1,35,121</b>	<b>1,54,709</b>	<b>1,77,271</b>	<b>1,30,445</b>	<b>3,79,197</b>	<b>3,51,628</b>	<b>3,86,260</b>	<b>4,26,086</b>	<b>4,71,886</b>
Account Payables		1,665	2,405	3,492	2,622	3,328	4,523	5,201	5,981	6,878
Other Current Liabilities		1,33,456	1,52,304	1,73,779	1,27,823	3,75,870	3,47,106	3,81,059	4,20,105	4,65,007
<b>Net Current Assets</b>		<b>18,295</b>	<b>4,596</b>	<b>18,698</b>	<b>25,484</b>	<b>-42,876</b>	<b>-29,550</b>	<b>-36,470</b>	<b>-36,841</b>	<b>-28,405</b>
<b>Appl. of Funds</b>		<b>1,01,537</b>	<b>1,32,204</b>	<b>1,73,817</b>	<b>2,29,815</b>	<b>2,64,980</b>	<b>3,29,908</b>	<b>3,73,547</b>	<b>4,31,243</b>	<b>5,06,383</b>

E: MOSL Estimates

## Financials and valuations

### Cash Flow

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
PBT	24,127	43,991	69,410	99,531	1,10,837	1,53,459	1,35,464	1,54,718	1,76,858
Depreciation	1,808	2,260	3,105	3,841	4,396	5,466	6,443	6,845	6,937
Changes in Operating assets	-12,984	2,926	-3,610	-11,413	-10,958	3,210	-6,808	-7,829	-9,003
Changes in Operating Liabilities	30,063	15,587	18,135	-56,906	2,13,958	-59,806	35,002	40,252	46,290
Changes in SGF	3,691	3,662	4,623	10,285	36,266	31,650	0	0	0
<b>Operating Cash Flow</b>	<b>46,704</b>	<b>68,426</b>	<b>91,662</b>	<b>45,338</b>	<b>3,54,499</b>	<b>1,33,980</b>	<b>1,70,101</b>	<b>1,93,985</b>	<b>2,21,081</b>
Changes in PPE	-2,845	-3,428	-7,287	-2,981	-4,657	-9,793	-6,943	-7,345	-7,437
Goodwill on consolidation	-54	-2,674	-150	2,040	0	0	0	0	0
Changes in investments	7,648	-40,524	-23,180	-52,111	-1,03,264	-47,276	-50,059	-57,568	-66,203
Other NCA and L&A	-5,517	278	-4,240	3,654	765	-7,603	-2,202	-2,533	-2,913
Changes in deposits	-170	964	3,433	5,575	3,838	4,385	5,555	6,388	7,347
<b>Investing Cash Flow</b>	<b>-938</b>	<b>-45,384</b>	<b>-31,424</b>	<b>-43,822</b>	<b>-1,03,318</b>	<b>-60,285</b>	<b>-53,649</b>	<b>-61,057</b>	<b>-69,206</b>
Changes in ESC	0	0	0	0	0	1,980	0	0	0
Dividend Paid	-10,622	-5,445	-20,790	-39,600	-55,688	-49,500	-54,450	-54,450	-54,450
Others	-5,168	-8,405	-10,797	-9,310	-20,215	-42,145	-41,328	-47,120	-52,499
<b>Financing Cash Flow</b>	<b>-15,790</b>	<b>-13,850</b>	<b>-31,587</b>	<b>-48,910</b>	<b>-75,902</b>	<b>-89,665</b>	<b>-95,778</b>	<b>-1,01,570</b>	<b>-1,06,949</b>
<b>Cash Flow for the year</b>	<b>29,977</b>	<b>9,192</b>	<b>28,651</b>	<b>-47,395</b>	<b>1,75,279</b>	<b>-15,971</b>	<b>20,673</b>	<b>31,358</b>	<b>44,926</b>
<b>Opening cash &amp; cash Equivalents</b>	<b>95,407</b>	<b>1,25,384</b>	<b>1,34,576</b>	<b>1,63,227</b>	<b>1,15,832</b>	<b>2,91,110</b>	<b>2,75,142</b>	<b>2,95,813</b>	<b>3,27,171</b>
<b>Closing cash &amp; cash Equivalents</b>	<b>1,25,384</b>	<b>1,34,576</b>	<b>1,63,227</b>	<b>1,15,832</b>	<b>2,91,110</b>	<b>2,75,142</b>	<b>2,95,813</b>	<b>3,27,171</b>	<b>3,72,097</b>

### Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Reported EPS</b>	<b>7.6</b>	<b>14.4</b>	<b>21.0</b>	<b>29.8</b>	<b>33.6</b>	<b>44.9</b>	<b>42.1</b>	<b>47.5</b>	<b>54.3</b>
BV/Share	34.8	47.0	62.3	82.7	96.9	122.6	138.7	160.1	188.4
DPS	5.2	6.2	10.5	20.0	28.1	25.0	27.5	27.5	27.5
Payout (%)	68.3	42.9	50.1	67.2	83.8	55.7	65.4	57.9	50.7
<b>Return Ratios (%)</b>									
RoE	23.0	36.8	37.7	41.1	37.4	42.9	32.5	31.8	31.2
RoCE	17.6	30.1	33.0	36.1	32.8	35.2	28.2	27.9	27.4
RoIC	25.5	36.8	52.7	53.3	37.4	42.9	36.5	35.8	36.5
<b>Working Capital Ratios</b>									
Fixed Asset Turnover (x)	4.8	6.2	6.8	9.9	12.0	10.1	9.1	10.1	11.2
Asset Turnover (x)	0.3	0.4	0.5	0.5	0.6	0.5	0.4	0.4	0.4
Inventory (Days)	0	0	0	0	0	0	0	0	0
Debtor (Days)	68	65	71	49	46	32	41	41	41
Creditor (Days)	17	16	15	8	8	10	12	12	12
<b>Leverage Ratio (x)</b>									
Current Ratio	1.1	1.0	1.1	1.2	0.9	0.9	0.9	0.9	0.9
Net Debt/Equity	-2.1	-2.0	-1.8	-1.3	-2.3	-1.9	-1.9	-1.8	-1.8

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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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