NSE Research Note

India's Capital Market Evolution & NSE Performance Analysis

Strategic Research Note • Executive Presentation

Executive Presentation Agenda

Market Landscape

Analysis of India's capital market growth, retail trends, and investment dynamics over the last three decades

NSE Positioning

Dominance across asset classes, IPO leadership, and vertically integrated exchange ecosystem performance

Financials & Value

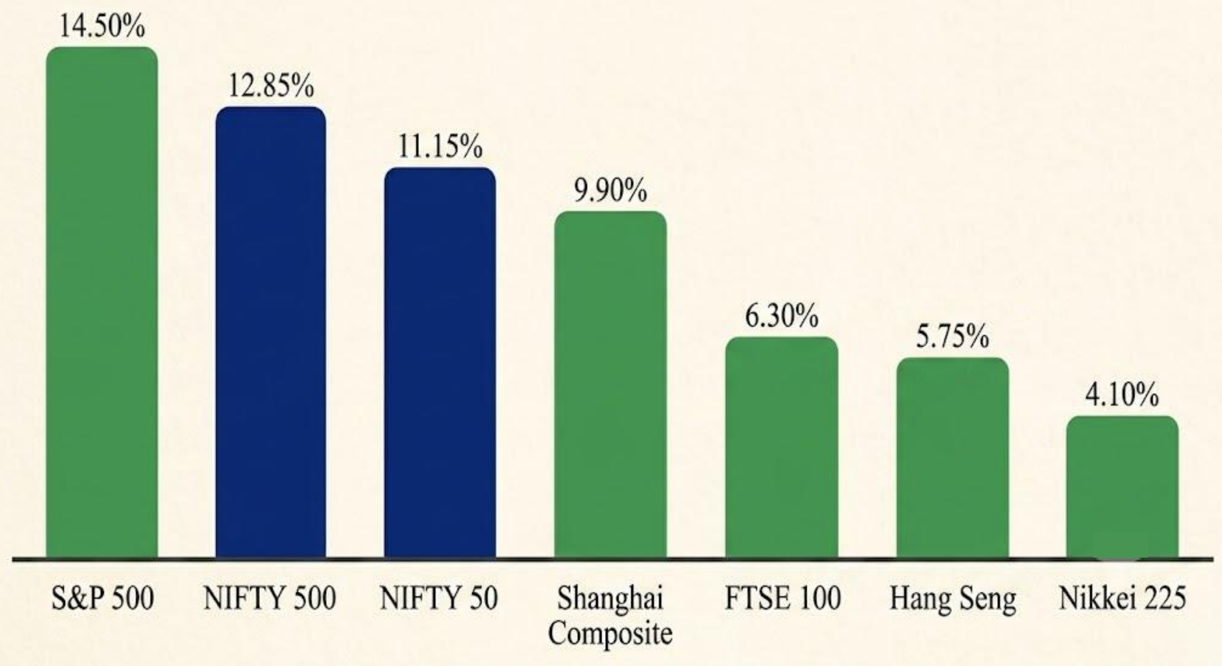
Review of Revenue, EBITDA, and Profitability trends from FY2024 to FY2026 with key strategic takeaways

Capital Markets: Three-Decade Evolution

Structural Maturity

- **Market Expansion:** Listed entities' market cap on NSE has grown **~102x** in three decades.
- **Global Position:** India is now the **4th largest** equity market globally.
- **Tech Integration:** Shift from manually traded exchange ecosystem to technology-led nationally integrated platforms.
- **Innovations:** Adoption of electronic trading, shortened settlement cycles, and advanced investment products.

30-year CAGR return in capital market indices - Indian vs global
(March 1996 – March 2026, in %)



Market Penetration vs. Global Peers

Room for Structural Growth

Despite growth, Indian capital markets remain underpenetrated relative to developed countries (Fiscal 2025 Market Cap to GDP Ratio):

India's **market capitalization-to-GDP ratio of 131.24%** remains lower than that of developed markets such as the **US (216.29%)**, **Japan (156.69%)**, and **Canada (150.40%)**, indicating significant potential for further capital market growth.

Rising Retail & Financial Inclusion

Retail Empowerment Metrics

224.5 M

DEMAT ACCOUNTS (MARCH 2026)

Up from 55.13 million in March 2021, representing 4x growth in 5 years.

INR 3,495 B

SIP CONTRIBUTIONS (FY2026)

Massive surge from INR 960.80 billion in Fiscal 2021.

Investment Landscape & Resilience

FPI Confidence

Assets Under Custody (AUC) for FPIs rose from **INR 44.63 trillion** in March 2021 to **INR 69.57 trillion** in March 2026

DII Counterweight

Domestic Institutional Investors and retail owners have meaningfully absorbed selling pressure, contributing to market stability despite small FPI outflows

AIF Growth

Cumulative Alternative Investment Fund (AIF) commitments surged from **INR 4.05 trillion** (Dec 2020) to **INR 15.74 trillion** (Dec 2025)

Drivers of FPIs in India

- Strong GDP Growth, Stable Inflation and a predictable policy environment
- Stable regulatory framework with consistent capital gains taxation
- Low settlement failure rates with robust custody and clearing systems

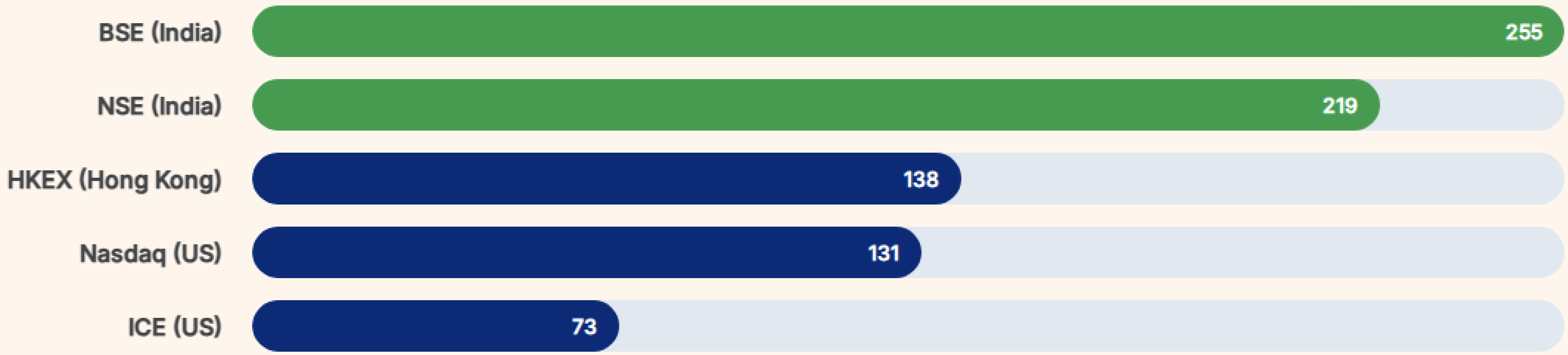
Primary Market Trajectory

Record Capital Formation

- **Funds Mobilized:** INR 20.33 trillion total funds mobilized on NSE in Fiscal 2026
- **Fresh Listings:** INR 1.78 trillion raised via fresh listings and OFS across mainboard and SME segments
- **Venture Capital:** VC commitments doubled to INR 0.68 trillion by Dec 2025

Global Leaders in IPO Activity

BSE and NSE rank as the **top two** exchanges globally by number of IPO listings in Fiscal 2026:



NSE has consistently been among the top 3 global exchange groups from FY23 to FY26.

National Stock Exchange Dominance

India's Largest Exchange

- Largest by turnover in Cash Market and Equity Derivatives since **Fiscal 2001**
- World's largest multi-asset class exchange by number of trades in cash equities (FY26)
- **51.18% global market share** in contracts traded in equity derivatives
- **11.38% global market share** in trades in cash equities

Top 15 players by number of contracts traded in derivatives
(CY2025, in million)

Market Share of NSE by Asset Class (FY26)

Asset Class	Metric Basis	NSE Market Share
Cash Market	Total Turnover	**92.99%**
Equity Futures	Total Turnover	**99.79%**
Equity Options	Premium Turnover	**74.71%**
Currency Options	Total Premium Turnover	**100.00%**
Corporate Bonds	Value of Trades (OTC/RFQ/Anon)	**85.65%**

Subsidiaries & Integrated Ecosystem

NSE Clearing (NCL)

Largest clearing corporation in India. Market share of 88.42% (Cash) and 91.04% (Derivatives) in FY26

NCL, is responsible for clearing and settlement of trades executed on Indian stock exchanges and deposit and collateral management and risk management functions. Clearing and settlement charges paid by other stock exchanges to NCL are included as revenue from Clearing and Settlement services, in revenue from operations of NSE.

NSE Indices

Manages flagship Nifty 50. Total India Index/ETF AUM stood at ₹11.22 trillion in March 2026

NSE's indices are based on products traded on their Exchange and are organized into five categories: broad market indices, sectoral indices, thematic indices, fixed income indices and strategy indices. NSE's Nifty family of indices is tracked by 265 index funds and 230 ETFs in India, and 33 ETFs and index funds internationally as of March 31, 2026.

NSEIX (GIFT City)

Foreign currency trading platform. ~99.81% market share in equity derivatives at GIFT IFSC

NSE International Exchange ("NSEIX") enables Indian and foreign entities to trade in foreign currency-denominated securities and financial products, and access international financial markets, allowing trading for ~21 hours a day

NSE Financial Performance (INR Crores)

Particulars	FY2024	FY2025	FY2026
Revenue from Operations	14,780	17,141	**16,601**
Operating EBITDA	9,870	12,647	11,098
Profit Before Tax (PBT)	11,184	15,475	13,896
Profit After Tax (PAT)	8,406	11,606	**10,180**

NSE's revenue from operations grew at a ***CAGR of 5.98%*** from ₹14,780 crores in Fiscal 2024 to ₹16,601 crores in Fiscal 2026, and profit for the year grew at a ***CAGR of 10.04%*** from ₹8,406 crores in Fiscal 2024 to ₹10,180 crores in Fiscal 2026. The Operating EBITDA Margin was ***66.78%*** in Fiscal 2024 and ***66.85%*** in Fiscal 2026.

Questions & Discussion

Thank you for reviewing **Ekvity's** pre-IPO analytical coverage of National Stock Exchange of India

For more deep dives and inquiries, contact Ekvity:
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