



Research Report on National Stock Exchange (NSE)



Overview:

The National Stock Exchange of India Limited (NSE) is India's largest financial market. Incorporated in 1992, the NSE has developed into a sophisticated, electronic market, which ranked fourth in the world by equity trading volume.

The National Stock Exchange of India Limited was the first exchange in India to provide modern, fully automated electronic trading. It was set up by a group of Indian financial institutions with the goal of bringing greater transparency to the Indian capital market.

The National Stock Exchange of India Limited (NSE) conducts transactions in the wholesale debt, equity, and derivative markets. One of its popular offerings is the NIFTY 50 Index, which tracks the largest assets in the Indian equity market.

NSE has a fully-integrated business model comprising our exchange listings, trading services, clearing and settlement services, indices, market data feeds, technology solutions and financial education offerings. NSE also oversees compliance by trading and clearing members and listed companies with the rules and regulations of the exchange.

NSE is a pioneer in technology and ensures the reliability and performance of its systems through a culture of innovation and investment in technology. NSE believes that the scale and breadth of its products and services, sustained leadership positions across multiple asset classes in India and globally enable it to be highly reactive to market demands and changes and deliver innovation in both trading and non-trading businesses to provide high-quality data and services to market participants and clients.



Products:

Equities

The Equities section provides you with an insight into the equities segment of NSE with Current Market Reports, Historical Data and Product Information.

- Equity Market
- Exchange Traded Funds
- Indices
- Mutual Funds
- Security Lending & Borrowing Scheme
- Sovereign Gold Bond
- Initial Public Offering (IPO)
- Institutional Placement Program (IPP)
- Offer for Sale

Derivatives

The Derivatives section provides you with an insight into the derivatives segment of NSE with Current Market Reports, Historical Data and Product Information.

- Equity Derivatives
- Currency Derivatives
- Interest rate Derivatives
- Commodity Derivatives

Equities

The Equities section provides you with an insight into the equities segment of NSE with Current Market Reports, Historical Data and Product Information.

- Corporate Bonds
- Electronic debt bidding platform (EBP)
- Negotiated trade reporting platform
- Non-competitive bidding in Government securities
- Tri party Repo

NSE's subsidiary companies:



Financials:**(In crores)**

<u>Particulars</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Growth in Nifty 50 index	10,113.7	11623.90	8597.75
Total NSE turnover (CM segment)	72,34,827	79,49,002	89,98,811
NSE's combined market capitalisation	1,40,44,152	1,49,34,227	1,12,43,112
Companies listed on NSE	1931	1931	1949

(In crores)

<u>Particulars</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total revenue	3,032.56	3,514.57	3897.53
Profit after tax	1,461.47	1,708.04	1884.78
Earnings per share	29.52	34.51	38.08
Dividend per share	14.75	17.25	20.80

NSE's Milestones:



NSE's Global Ranking:

The SME platform in FY 2019-20

Particulars	2018-19	2019-20	Key Highlights
Number of companies listed on NSE emerge (cumulative)	195	208	208 companies listed on SME emerge platform
Number of new listing on platform	62	13	30 companies migrated to main board
Mobilisation of capital through SME IPOs	174.67 crores	1048.56 crores	Total funds raised was 3219 crores
Number of companies that migrated on to main board	3	24	First FPO on SME platform in FY 2019-20

Capital market scenario and its impact on NSE:

FY 2020 was a mixed bag for Indian equity markets. Tight financial conditions, weak economic growth on the domestic front kept investor sentiments muted; a prolonged US-China trade war and concerns about a no-deal Brexit weighed on the overall market performance, while a slew of fiscal (corporate tax cuts, infrastructure spending) and monetary measures (rate cuts, easy liquidity) provided downside support.

Global markets, however, saw a huge downturn post the outbreak of Coronavirus in China in the later part of FY20. Global equities that had reached life-time highs in January 2020 corrected to bear market trajectory. India was no different, with the Market benchmark Nifty 50 falling by approx. 26%.

Even as foreign capital outflows surged towards the end of FY 20, domestic institutional flows remained strong, supported by steady retail flows through the Systematic Investment Plan (SIP) route. Monthly SIP inflows into domestic mutual funds have averaged at around H834 billion in FY20. Also, with around H800 billion raised through debt as well as equity from the primary market during FY20, it resulted in a robust y-o-y growth of 66%.

Stakeholder's engagement:

<u>Category</u>	<u>No. of shareholders</u>	<u>Total no. of shares</u>	<u>% of shareholding</u>
Promoter & Promoter Group	-	-	-
Public	339	24,34,08,190	49.17
Non promoter	-	-	-
Shares underlying	-	-	-
Shares held by employees trust	-	-	-
Trading Members and Associates of Trading Members	86	25,15,91,810	50.83
Total	425	49,50,00,000	100

Category	Total no. of shares	% of shareholding
Corporates		
Stock Holding Corporation of India Limited	2,20,00,000	4.44
SBI Capital Markets Limited	2,14,50,000	4.33
Financial Institutions/Banks		
State Bank of India	15969410	3.23
FDI		
GS Strategic Investments Limited, Mauritius	1,48,50,000	3
MS Strategic (Mauritius) Limited, Mauritius	1,48,50,000	3
Citigroup Strategic Holdings Mauritius Limited, Mauritius	81,28,570	1.64
FIH Mauritius Investments Limited	50,10,500	1.01
FPI		
Aranda Investments (Mauritius) Pvt. Ltd.	2,47,50,000	5
Insurance Company		
Life Insurance Corporation of India	6,19,13,500	12.51
Venture Capital Funds	74,98,162	1.51
Individuals	31,85,395	0.64
shareholders holding nominal share capital upto Rs. 2 lakhs	54,32,852	1.09
shareholders holding nominal share capital in excess of Rs. 2 lakhs.	1,46,14,441	2.95
Radhakishan S Damani	7816880	1.58
Total Non-Promoter & Non Public Shareholding	25,15,91,810	50.83

Peer Comparison:

(In crores)

Particulars	NSE	BSE	MSEI
Total revenue	3897.53	630.00	37.01
Earnings per share	38.08	24.57	-0.10
Market capitalisation	1,12,43,112	99,12,226	2355
Companies listed	1949	5439	1696
Price	1050	576	1
Price to Earnings (P/E)	27.57 times	23.44 times	-0.1 times



NSE strategy roadmap:

Short term aspirations-

- Consolidate and increase market share in cash market and currency derivatives, and maintain a leading market position in equity derivatives.
- Enabling robust and consistent revenue growth
- Work towards investor base expansion
- Channelize resources to maintain leading position in derivatives global ranking
- Further strengthen market regulation and supervision
- Further strengthen our technology infrastructure from a robustness, availability and resilience standpoint
- Redesign high-impact areas to improve stakeholder experience, operational and cost efficiencies and organisational agility

Medium term aspirations-

- Endeavour to increase domestic institutional market share in derivatives to match that of their market share in cash market
- Strengthen capabilities to remain the number one derivatives exchange in the world
- Emerge as a market leader in five commodity derivatives products
- Endeavour to bring corporate bond trading volumes to 50% of government bond market volumes
- Expand market share in fixed income products and fixed income derivatives
- Consolidate expertise and market position to emerge as the preferred choice of venue to raise capital – equity and debt
- Develop our GIFT City international exchange

Long term aspirations-

- Envision to create ~25% revenues from non-transaction sources
- Within transaction revenues, work towards garnering 1/3rd to of the transaction revenue from non-equity cash market / equity derivatives
- Double market penetration (direct and indirect) from 5% to 10%

Recent updates:

SEBI may give in-principle nod to NSE IPO but with conditions-

The National Stock Exchange of India Ltd (NSE) has formally approached the stock market regulator for an initial public offering (IPO) of its shares, even as two state-run lenders have started selling some of their NSE shares ahead of the IPO.

The Securities and Exchange Board of India may finally give in-principle approval to the National Stock Exchange (NSE) for an initial public offering (IPO) of its shares six months after it approached the regulator but with conditions.

The SEBI may ask the country's biggest exchange to declare all the cases it is facing along with their status in the draft red herring prospectus, the preliminary document that a company submits in preparation for an IPO. Basically NSE IPO is an offer of sale for existing clients, most of which are financial institutions. The exchange will need to furnish all details of co-locations cases, including Escrow account where co-locations income is parked. Then it is for investors to decide whether they want to invest or not

Radhakishan Damani buys stake in NSE-

The billionaire investor and founder of DMart supermarkets, has picked up a stake in the National Stock Exchange (NSE), the country's biggest bourse.

According to the latest shareholding data filed by NSE, Damani has bought 7.8 million shares of NSE, which constitutes a 1.58% stake in the exchange. The value of the stake could be anywhere between ₹650 and ₹800 crore, industry estimates suggest. The investment has been done in his personal capacity and Damani is currently the biggest non-institutional shareholder in the exchange, data showed.

The development comes at a time when the stock exchange is looking to revive its IPO plans, a move that could increase the value of Damani's holding further due to premium on the shares. Through the purchase, Damani joins the list of over 40 institutions and 200 plus individual shareholders of NSE. Life Insurance Corporation (LIC) is currently the largest shareholder in the NSE with a 12.5% stake. India's largest public-sector lender State Bank of India along with private lenders such as ICICI Bank and HDFC are among the other marquee shareholders of NSE. Even leading foreign funds such as Citigroup, Morgan Stanley and Goldman Sachs have investments, shareholding data showed.

