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NSE IPO: The buzz around India's biggest public issue and why timing is important

Even at the higher end of the expected valuation and a concentration in public issues this month, the IPO is expected to garner big interest from both institutions and retail.

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NSE Building (Wikimedia Commons)

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With regulatory hurdles finally cleared after a nearly decade-long wait, the National Stock Exchange looks set to complete its IPO and list publicly by the end of this month.

The estimated Rs 30,000 crore public issue—the largest in India's IPO history—has drawn significant attention from both institutional investors and retail audiences. But some questions yet remain unanswered, like if NSE's shares will be permitted to trade on its own exchange.

What regulations say

Under current regulations, the Securities and Exchange Board of India (SEBI) prohibits a stock exchange from listing on its own platform. Stock exchanges act as the first-level regulator in the listed space, overseeing compliance for the entities that trade on their platform. Thus, an exchange being listed on its own platform becomes a conflict of interest, as it would have to regulate itself.

However, there is a potential solution to this for the NSE—the permitted-to-trade (PTT) route, which allows an exchange to trade its shares on its own platform without getting listed. This would allow NSE to shift the compliance burden onto the exchange the stock is primarily listed on—BSE in this case—while allowing traders on NSE to trade these shares too.

For that, NSE shares will first get listed on the BSE. NSE's board will then discuss and come up with a detailed proposal for the SEBI on how the exchange will avoid conflict of interest if its shares are allowed to trade on its own platform. The proposal also includes the standard operating procedure for NSE shares in case of day-to-day functions like price bands and surveillance.

If the SEBI accepts NSE's proposal, the shares will then be allowed to trade on its own

exchange via the

 PTT

route.

Why is it important?

A stock's presence on a particular stock exchange does not just provide visibility. In NSE's case, its shares would benefit from the exchange's dominance in terms of liquidity, cash market volumes, and derivatives volumes.

For context, the NSE currently commands around 93% of India's cash market turnover, nearly the entirety of the futures premium, and around 75% of the options premium, according to Geojit Financial Services.

It would also allow NSE shares to be included in the exchange's widely tracked indices, such as the Nifty 500 and the Nifty Financial Services, which would in turn boost passive mutual fund flows into the stock. Currently, around 250 stocks aren't listed on the NSE but are allowed to trade on the exchange through this route.

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On this topic, SEBI Chair Tuhin Kanta Pandey late last month said the regulator has not yet discussed the matter and that the matter is currently "too far." Rival BSE's MD Sundararaman Ramamurthy, however, strongly opposed such an arrangement.

"Self-listing is not permitted regulatorily. Currently, there is no regulatory framework for permitting oneself to trade on oneself," he said in an interview with CNBC-TV18 on Thursday. He also added that this "permitted-to-trade" proposal was not part of NSE's DRHP and that the exchange has clarified that it will not issue an addendum or update to its IPO papers. "In such a situation, there is nothing to comment further," said Ramamurthy.

For context, the SEBI had rejected BSE's permitted-to-trade proposal when it had listed back in 2017, citing conflict of interest.

Valuation, timing of the IPO

The public issue comes at a time when the Indian IPO market is gathering pace following months of slowdown due to the West Asia war and the AI wave. The months of July and August accounted for

around 73% of the funds raised through mainboard IPOs in 2026, and the Indian market also recovered a bit after being among the biggest underperformers this year among major global markets.

It also comes at a time when 5 big-ticket issues are either open or scheduled to open next week. For example, Meerut-based Kanohar Electricals is aiming to raise around Rs 1,056 crore through its IPO opening on Tuesday. Mumbai-based specialty chemicals manufacturer Prasol Chemicals aims to raise Rs 500 crore. However, this concentration of public issues is unlikely to impact NSE's issue due to the sheer size, scale, anticipation, and brand value behind its IPO.

Brokerages like Deven Choksey and Kotak expect NSE's issue to garner a price-to-earnings (PE) ratio between 35 and 49 times its FY26 earnings. This depends on the price band, which is expected to be announced around September 15, according to a Reuters report.

The P/E ratio indicates a stock's valuation. A lower valuation means investors can potentially earn more returns from the stock in the longer run.

If the IPO goes through at the lower end of the valuation, it will provide significant value to investors, while the upper end of the valuation would match BSE's current P/E ratio of around 49 times.

A Reuters report noted that the mutual fund industry indicated it would be comfortable buying NSE shares at around Rs 1,800 apiece during the issue, indicating that the price band is likely to be fixed around that level. This indicates a P/E ratio of around 43-45 times.

"Even at the higher end, the issue will be very attractive due to the potential returns NSE may provide. Everyone is looking forward to what could be the biggest ever IPO. Even though profits and revenues have fallen in recent times due to regulatory changes in the derivatives segment, the current low penetration in investing among Indians provides a very good opportunity for the future," a research head at a domestic broking firm said.

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