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IPO Report

29th July '25

Snapshot

Company is a SEBI registered market infrastructure institution (“MII”) offering a wide range of products and services to the financial and securities markets in India. Following the introduction of the Depositories Act in 1996, company pioneered the dematerialization of securities in India in November 1996. As of March 31, 2025, Company is the largest depository in India in terms of number of issuers, number of active instruments, market share in demat value of settlement volume and value of assets held under custody . Further, as of March 31, 2025, company have a network of 65,391 depository participants’ service centres as compared to 18,918 such centres with CDSL.

VALUATION

Company is bringing the issue at price band of Rs 760-800 per share at p/e multiple of approx. 46x on post issue FY25 PAT basis.

Company is India’ s first and leading depository and is the largest depository in India in terms of number of issuers, number of active instruments, market share in demat value of settlement volume and value of assets. Company have a strong focus on technology-led product innovation & company’s revenue from annual fees and annual custody fees is considered as a more stable and recurring source of revenue due to its lesser dependence on market cycle compared to revenue from transaction charges. However we recommend “Subscribe” to this ipo.

Price Band (Rs./Share)	760-800
Opening date of the issue	30th July '2025
Closing Date of the issue	01st Aug '2025
No of shares pre issue	20,00,00,000 Eq Shares
Issue Size	Rs 3810-4011 Cr
Offer For Sale	Rs 3810-4011 Cr
Offer For Sale	50,145,001 Eq Shares
Face Value (Rs/ share)	Rs 2/share
Bid Lot	18
Employee Discount	Rs 76/share

BIDDING DETAILS

QIBs (Including Anchor)	50% of the offer (Approx 2,50,29,999 Eq Shares)
Non-Institutional	15% of the offer (Approx 75,09,001 Eq Shares)
Retail	35% of the offer (Approx 1,75,21,001 Eq Shares)
Employee	85,000 Eq Shares
Lead managers	Axis Capital, ICICI Securities, HSBC Securities, IDBI Capital, Motilal Oswal, SBI Capital Markets
Registrar to the issue	MUFG Intime India Pvt Ltd

WHAT WE LIKE

India’s first and leading depository operating a wide range of technology-driven businesses

Company is India’ s first and leading depository and are the largest depository in India in terms of number of issuers, number of active instruments, market share in demat value of settlement volume and value of assets held under custody as of March 31, 2025 (Source: *CRISIL Report*). As the first and leading depository in the country, company introduced the concept of dematerialization of securities, revolutionizing the securities landscape in India (Source: *CRISIL Report*). Company was also one of the initial few depositories globally to directly implement dematerialization, bypassing the traditional two-step process of immobilization and subsequent dematerialization

Stable revenue base with a significant proportion of recurring revenue

Revenue from annual fees and annual custody fees is considered as a more stable and recurring source of revenue due to its lesser dependence on market cycle compared to revenue from transaction charges (Source: *CRISIL Report*). Company’s core depository services provide it with a steady source of recurring revenues and stability to its business model. In addition to company’s core depository services, company generate recurring revenue from certain other services.

Diversified Asset Classes held in Demat Accounts and Well-diversified Business Verticals

Company hold a strong position in the depository market with regard to the diversified asset classes held in demat accounts with company. These accounts hold various asset classes, including equities (listed and unlisted), preference shares, warrants, funds (mutual funds, REITs, InvITs and AIFs), debt instruments (corporate debt, commercial paper, certificates of deposit, pass-through certificates, structured obligations, government securities, sovereign gold bonds, municipal debt, treasury bills, state development loans), and electronic gold receipts.



COMPANY BACKGROUND

As a depository, company provide a robust depository framework that enables market participants to participate in the financial and securities markets in India. Company also play a central role in developing products and services that will continue to address the growing needs of the financial services industry in India. Using innovative and flexible technology systems, NSDL works to support investors, brokers, issuers and other market participants in the Indian capital markets and aims at ensuring the safety and soundness of Indian securities market by developing settlement solutions that increase efficiency, minimize risk and reduce costs.

Company's depository facilitates securities to be held in digital form by investors through accounts known as "Demat Accounts" held with company through depository participants. This includes securities held in dematerialized form with various asset classes namely equities (listed equity and unlisted equity), preference shares, warrants, funds (mutual funds, REITs, InvITs and AIFs), debt instruments (corporate debt, commercial paper, certificate of deposit, pass through certificate, security receipts, government securities, sovereign gold bonds, municipal debt, treasury bill) and electronic gold receipts.

As part of company's depository business, company operate a centralized digital book-keeping system that facilitates the holders of securities to hold and transfer their securities in electronic form and enables settlement solutions in an efficient and cost-effective manner. Company also facilitate and maintain complete records of the ownership of securities held in dematerialised form with company on behalf of the issuer entity. Company provide depository services to investors, issuers, depository participants, financial institutions, stockbrokers, custodians, clearing corporations and other market intermediaries and have established an ecosystem for these entities to integrate with company's systems.

Company's core depository services provide it with a steady source of recurring revenue, primarily through annual custody fees that company charge issuers of securities and annual maintenance fees company charge depository participants in relation to corporate accounts serviced through company's depository platform. Company charge a standardized fixed fee per annum for each corporate account, pro-rated according to the month in which such account is opened in its depository platform. Company also charge transaction fees to depository participants and issuers of securities for transactions effected through its depository systems. As part of company's commitment to the capital markets community in India, company have leveraged its technological infrastructure to cater to the diverse needs of the securities market in India and introduced several additional products, e-services and ancillary value-added services and initiatives directly and through its subsidiaries, NSDL Database Management Limited ("NDML") and NSDL Payments Bank Limited ("NPBL"), thereby emerging as a key enabler for the financial market in India .

The core functions of NSDL are as follows:

- *Maintaining allotment and transfer of ownership records:* One of company's core functions is maintaining details of allotment and transfer of ownership records of securities assets held with company through electronic book entries. Company deploy and utilize innovative technological systems to support issuers, investors and market intermediaries in the Indian securities market while minimizing risk, reducing operational costs and increasing efficiency of operations.
- *Facilitating asset servicing:* Asset servicing is a core function as it helps ensure the safety and efficient management of all assets held in dematerialised form with company. Company hold various asset classes in dematerialised form and leverage its software tools and framework to build a robust and resilient central securities depository system to ensure the continued safekeeping and servicing of assets held with company.
- *Transaction and other services:* The core depository services provided by company include dematerialization of securities, settlement of trades, off-market transfers, pledge of securities, including margin pledges and repledges, implementation of client unpaid securities pledgee accounts ("CUSPA") by trading members to ensure the segregation of client securities, and corporate action for issuer companies. In addition to providing core depository services, company also provide several additional services such as e-voting services, consolidated account statement ("CAS"), blockchain-based security and covenant monitoring platform for debentures and non-disposal undertakings ("NDU").



INVESTMENT RATIONALE

<p><i>Strong focus on technology-led product innovation</i></p>	<p>Technology serves as the foundation of company's ecosystem. Company have consistently invested in technology, enabling the development of a state-of-the-art depository system catering to diverse user groups such as depository participants, issuers, registrars, transfer agents, and clearing corporations. In August 2007, company was the first depository to introduce instant messaging alerts (over SMS) to investors. Company's comprehensive suite of value-added services includes Speed-e, which facilitates the electronic submission of depository transactions, STeADY (as defined below) for trade information exchange and institutional client contract notes, and IDeAS (as defined below), an online platform for convenient access to depository accounts.</p>
<p><i>Robust IT infrastructure, risk management frameworks and cyber-security measures focused on ensuring the safety and integrity of the depository system</i></p>	<p>To meet the demands of a fast-growing market, company have endeavoured to actively introduce initiatives to augment its IT infrastructure. Company have implemented a comprehensive risk management system that incorporates the principles prescribed by the Committee on Payments and Market Infrastructure and the Technical Committee of the International Organization of Securities Commissions (CPMI - IOSCO) and seek to develop appropriate risk management tools to address the material risks that company may face. Company have established a security operations center ("SOC") with round-the-clock operations to monitor, detect, analyze, contain, eradicate and respond to any adverse cyber security events. Company's SOC is staffed with a team of security analysts and engineers who aim to ensure real-time monitoring and response to cyber-security events. Company's SOC is based on an analytical platform and conducts a correlation of logs from network, security and server infrastructure. With an everchanging risk landscape, company continue to update its depository system and associated infrastructure to improve company's correlation, analytics, detection and response capabilities. Company have adopted the MITRE ATT&CK® framework which is a detailed knowledge base and model for cyber adversary behavior, covering the various phases of an adversary's attack lifecycle. Further, NDML has obtained the PCI-DSS (Payment Card Industry - Data Security Standard) certification for carrying out its secure payment card transactions.</p>
<p><i>Experienced senior management team</i></p>	<p>Company's management team comprises qualified and experienced professionals with an average experience of over two decades. Company believe that their vision, leadership and adherence to strong corporate governance policies has contributed to its consistent and positive performance in the past and will drive its strategic direction in the future. Company's management team is led by Vijay Chandok, Managing Director and Chief Executive Officer, who has over 31 years of experience in the financial services industry in India. Prashant Pramod Vagal, company's executive vice president and chief operating officer, has over 30 years of experience in business development and operations. Kothandaraman Prabhakaran is company's chief technology officer and has over 19 years of experience in the field of technology. Jigar Harshad Shah is company's Chief Financial Officer and has over 17 years of experience in the fields of finance, treasury and banking. Sameer Giridhar Patil is company's chief business officer with 20 years of experience in business strategy and business expansion. Suresh Ramankutty Nair is its compliance officer with 24 years of experience in the field of legal and compliance. Company have also benefitted from the support of its four Public Interest Directors with experience across the banking, economic policy and reforms, risk advisory services and teaching and research sectors.</p>



OBJECTS OF OFFER

The objects of the Offer are to (i) carry out the Offer for Sale of up to 50,145,001 Equity Shares of face value of ₹ 2 each by the Selling Shareholders; and (ii) achieve the benefits of listing the Equity Shares on BSE.

RISKS

If there is a shift in investor preferences away from investing and trading in securities to other avenues, it could reduce demand for company's services and adversely affect company's business, financial condition, and results of operations.

Source:RHP

INDUSTRY OVERVIEW

Highlights on depository market in India

The growth of depository market is linked to several factors such as rising participation from investors, rising digital services which are being provided by brokers and depositories, reducing cost of transactions, rising awareness about capital markets, etc.

The depository market in India is a duopoly with high barriers to entry as each of the current depositories are promoted by large institutions. As the first and leading depository in the country, NSDL introduced the concept of dematerialization of securities, revolutionizing the securities landscape in India. NSDL is the largest depository in India in terms of number of issuers, number of active instruments, market share in demat value of settlement volume and value of assets held under custody as of March 31, 2025. CDSL is the largest depository in terms of the demat accounts as of March 31, 2025.

The depository market in India grew at rapid pace in past 3 years. Total client accounts grew at ~27.4% CAGR between Financial Year 2017 to Financial Year 2025 and is expected to grow at 11-12% CAGR between Financial Year 2025 to Financial Year 2027. Standalone income of depositories in India is around ₹17.16 Bn in Financial Year 2025 and grew at CAGR ~22.4% between Financial Year 2018 to Financial Year 2025 and is expected to grow at CAGR of 11% to 12% from Financial Year 2025 to Financial Year 2027 to reach ₹ 21 Bn to ₹22 Bn by Financial Year 2027 assuming there will not be any regulatory impact on pricing of products and services.


Consolidated Financials

(Rs in Mn)

Financials	FY23	FY24	FY25
Total Revenue (A)	10219.88	12682.44	14201.46
Total Expenditure (B)	7663.73	9832.09	10446.4
EBIDA	2556.15	2850.35	3755.06
EBIDTA Margin	25.01	22.47	26.44
Other Income	778.26	974.61	1150.41
Depreciation	216.89	241.23	354.03
EBIT	3117.52	3583.73	4551.44
Interest	18.73	20.60	40.97
PBT	3098.79	3563.13	4510.47
Share of profit in Asso	-48.37	-13.63	23.96
PBIT	3050.42	3549.50	4534.43
Exceptional	0.00	0.00	0.00
PBT	3050.42	3549.50	4534.43
Tax	702.32	795.05	1103.19
PAT	2348.10	2754.45	3431.24
NPM	22.98	21.72	24.16
ROE%	16.43	16.36	17.11
EPS	17.16	13.77	11.74
Eq Cap	400.00	400.00	400.00
Net Worth	14,288.61	16,840.97	20,053.41

(Source: RHP)

Peer Comparison

Company Name	Face Value	EPS	P/E	ROE %	NAV
Company	2.00	17.16	---	17.11	100.27
Peers					
Central Depository Services (India) Limited	10.00	25.20	68.04	29.90	84.23

(Source: RHP)



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