

National Securities Depository Ltd

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Nifty: 24,821 | Sensex: 81,338

IPO Note | 30th July, 2025

Sector: Depository

Price Range: ₹760- ₹800

Anchoring Growth in India's Capital Market...

National Securities Depository Ltd (NSDL) is a SEBI-registered Market Infrastructure Institution (MII) that provides a secure and scalable digital framework for India's financial markets. As a leading depository, NSDL enables seamless holding and transfer of securities via Demat accounts, supporting a broad spectrum of asset classes—ranging from equities and debt instruments to mutual funds, REITs, InvITs, AIFs, and sovereign gold bonds. As of March 31, 2025, NSDL managed over 39.45 million active Demat accounts via 294 depository participants, with account holders across 99.34% of Indian pincodes and 194 countries.

- ◆ India's depository market grew at ~27.4% CAGR from FY17-FY25 and is expected to grow at ~11-12% CAGR over FY25-FY27, fuelled by retail investor interest, digitization and rising financial literacy.
- ◆ As of FY25, NSDL held a dominant position in securities custody, servicing 99.99% of dematerialized holdings by foreign portfolio investors. It also managed ₹70,167.65 bn in assets for individuals and HUFs, capturing 67.90% of that specific market segment.
- ◆ NSDL's payment bank business contributes ~51% of revenues in FY25, which is less profitable than other parts of its business due to lower margins. NSDL's institutional-heavy client base results in elevated compliance and infrastructure costs, increasing the cost of operation.
- ◆ In FY25, NSDL saw its registered issuers (for example, issuance of new listed and non-listed securities like equity and non-equity) jump from 46,015 to 79,773, a 73% YoY increase, reflecting strong corporate engagement with capital markets.
- ◆ The assets under custody (AUC) of NSDL is ~6.6x that of its peer CDSL in FY25, indicating its strong institutional client base and high revenue visibility driven by the recurring custody and maintenance fees, transaction linked charges, and greater engagement across its depository and value-added services.
- ◆ NSDL delivered strong financial results over FY23-25, with revenue, EBITDA, and PAT growing at CAGRs of 17.9%, 21.2%, and 20.9%, respectively—driven by stable revenue streams and improved operating efficiency.
- ◆ At the upper price band of ₹800, NSDL's FY25 P/E ratio of 47x appears reasonably priced compared to its peer. Considering its dominant share in AUC, rapid growth in financials, stable revenue stream, healthy return ratios and focus on digital infrastructure expansions ahead, we assign a 'Subscribe' rating with a long-term investment perspective.

Purpose of IPO

The issue consists of an OFS of ₹4,012cr. The investor selling shareholders are IDBI Bank Ltd, NSE Ltd, Union Bank Ltd, State Bank of India Ltd, HDFC Bank Ltd (SS) and Administrator of the Specified Undertaking of the Unit Trust of India. The object of the offer is to achieve the benefits of listing the equity shares on the stock exchanges.

Key Risks

- ◆ IT system failures or breaches may disrupt business, harm reputation, and incur SEBI penalties.
- ◆ In FY25, ~30% of revenue comes from transaction fees; lower market activity could impact delivery-based earnings.

Peer Valuation

Company	MCap(₹ cr)	Sales (₹ cr)	EBITDA Margin (%)	Adj. PAT (₹ cr)	EPS(₹)	RoE (%)	P/E (x)	Mcap/Sales	P/BV	D/E	CMP(₹)
National Securities Depository Ltd	16,000	1,420	26.4	343	17.2	17.1	46.6	11.3	8.0	0.0	800
Central Depository Services (India) Ltd	32,180	1,199	61.8	527	25.2	32.7	61.1	26.8	18.3	0.0	1,540

Source: Geojit Research, Bloomberg; Valuations of NSDL are based on upper end of the price band (post issue), Financials as per FY25 consolidated.

Issue Details

Date of opening	July 30, 2025
Date of closing	August 1, 2025
Total No. of shares offered (cr.)	5.01
Post Issue No. of shares (cr)	20.0
Face Value	₹2
Bid Lot	18 Shares
Minimum application for retail (upper price band for 1 lot)	₹ 14,400
Maximum application for retail (upper price band for 13 lot)	₹ 1,87,200
Listing	BSE
Lead Managers	ICICI Securities, HSBC Securities, IDBI Capital, Motilal Oswal, Axis Capital and SBI Capital Markets.
Registrar	MUFG Intime India Private Limited (Link Intime)

Issue size (upper price)

	Rs.cr
Fresh Issue	0.0
OFS	4,012.0
Total Issue	4,012.0

Shareholding (%)	Pre-Issue	Post Issue
Promoter & Promo. Group.	-	-
Public-Investor selling S/h	72.7	47.6
Public & others	27.3	52.4
Total	100.0	100.00

Issue structure	Allocation (%)	Size Rs.cr
Retail	35	1,401.68
Non-Institutional	15	600.72
QIB	50	2,002.40
Emp. Reservation	-	6.15
Total	100	4,010.95

Y.E March (Rs cr) Consol.	FY23	FY24	FY25
Sales	1,022	1,268	1,420
Growth YoY(%)	-	24	12
EBITDA	256	285	376
Margin(%)	25.0	22.5	26.4
PAT Adj.	235	275	343
Growth (%)	-	17	25
EPS	11.7	13.8	17.2
P/E (x)	68.1	58.1	46.6
EV/EBITDA (x)	62.7	56.2	42.7
P/BV (x)	11.2	9.5	8.0



Revenue Recurring Model:

NSDL derive recurring revenues from the following sources:

• **Annual Custody Fees charged to Issuers and Annual Fees charged to Depository Participants:** At the beginning of each financial year, NSDL charge issuers annual custody fees for the securities held in dematerialized form and annual fees from the depository participants for all corporate demat accounts registered with it. For the Financial Years 2025, 2024 and 2023, revenue from custody fees and annual fees charged to depository participants aggregated to 86.98%, 88.18% and 86.52% of the recurring revenues, respectively.

• **Other Services:** In addition to the above, NSDL provide a range of other services that generate recurring revenues. This includes:

- annual fees charged to issuers for foreign investment limit monitoring,
- annual fees from brokers for IDeAS service;
- license fees to DPs for providing DPM software;
- annual fees from DPs for value-added services provided to DPs;
- annual fees from mutual funds towards statement downloads;
- annual fees from SEZ units towards system usage and transaction charges;
- annual fees from insurance companies in relation to credit of policies;
- annual usage fees for generation of IT professional identification number for registration of NSR;
- annual fees for STeADY;
- annual fees in relation to usage of Cloud DPM; and
- annual usage fees from issuers for provision of RTA services;

Key strengths:

- ◆ India's first and leading depository operating a wide range of technology-driven businesses
- ◆ Strong focus on technology-led product innovation
- ◆ Robust IT infrastructure, risk management frameworks and cyber-security measures focused on ensuring the safety and integrity of the depository system.
- ◆ Stable revenue base with a significant proportion of recurring revenue.
- ◆ Diversified Asset Classes held in Demat Accounts and Well-diversified Business Verticals.

Key strategies:

- ◆ Continue to focus on the growth potential and increase market penetration by leveraging strengths.
- ◆ Continue to invest in and upgrade IT infrastructure systems for the enhancement of operational efficiency, service quality and operational resilience.
- ◆ Diversify the offerings and enhance the database management business.
- ◆ Increase the market share of the payments bank business.

Industry Outlook

The Indian capital market has witnessed a growth at a fast pace between Financial Year 2017 till Financial Year 2025. 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. The depository market in India grew at rapid pace in past 3 years.

Promoter and promoter group

The Company is a professionally managed company and does not have any identifiable promoter in terms of SEBI ICDR Regulations and the Companies Act, 2013.

As on the date of the Red Herring Prospectus, the Board comprises seven Directors, including one Managing Director, four Public Interest Directors and three Non-Independent Directors (including the Managing Director). The Board also includes one woman Director.

Brief Biographies of directors

- ◆ **Vijay Chandok** is the Managing Director and Chief Executive Officer of the Company.
- ◆ **Parveen Kumar Gupta** is the Chairman and Public Interest Director of the Company
- ◆ **Madhu Sudan Sahoo** has been a Public Interest Director of the Company since April 18, 2023.
- ◆ **Rajat Moona** is the Public Interest Director of the Company.
- ◆ **Sripriya Kumar** is the Public Interest Director of the Company.
- ◆ **Sanjay Panicker** is the Non-Independent Director of the Company.
- ◆ **Sriram Krishnan** is the Non-Independent Director of the Company.

CONSOLIDATED FINANCIALS

PROFIT & LOSS

Y.E March (Rs cr)	FY23	FY24	FY25
Sales	1,022.0	1,268.2	1,420.1
% change	0.0%	24.1%	12.0%
EBITDA	255.6	285.0	375.5
% change	-	11.5%	31.7%
Depreciation	21.7	24.1	35.4
EBIT	233.9	260.9	340.1
Interest	1.9	2.1	4.1
Other Income	77.8	97.5	115.0
Exceptional items	0.0	0.0	0.0
PBT	309.9	356.3	451.0
% change	-	15.0%	26.6%
Tax	70.2	79.5	110.3
Tax Rate (%)	23%	22%	24%
Reported PAT	239.6	276.8	340.7
Adj	-4.8	-1.4	2.4
Adj. PAT	234.8	275.4	343.1
% change	-	17.3%	24.6%
Post issue No. of shares (cr)	20.0	20.0	20.0
Adj EPS (Rs)	11.7	13.8	17.2
% change	0.0%	17.3%	24.6%

CASH FLOW

Y.E March (Rs cr)	FY23	FY24	FY25
PBT Adj.	309.9	356.3	451.0
<i>Non-operating & non cash adj.</i>	-26.4	-38.2	-31.7
Changes in W.C	306.2	-124.9	238.1
C.F. Operating	512.8	114.2	555.4
Capital expenditure	-48.8	-243.9	-74.3
Change in investment	-514.7	-23.3	-486.6
Sale of investment	0.0	0.0	0.1
Other invest.CF	121.8	89.6	54.0
C.F - investing	-441.7	-177.6	-506.8
Issue of equity	0.0	0.0	0.0
Issue/repay debt	0.0	0.0	0.0
Dividends paid	-20.0	-20.0	-16.4
Other finance.CF	0.0	0.0	0.0
C.F - Financing	-20.0	-20.0	-16.4
Change. in cash	51.1	-83.3	32.2
Opening Cash	144.5	190.7	106.0
Closing cash	190.7	107.4	145.2

BALANCE SHEET

Y.E March (Rs cr)	FY23	FY24	FY25
Cash	387.0	240.5	374.2
<i>Accounts Receivable</i>	<i>85.6</i>	<i>83.1</i>	<i>129.9</i>
Inventories	0.0	0.0	0.0
<i>Other Cur. Assets</i>	<i>30.2</i>	<i>33.7</i>	<i>63.0</i>
Investments	1451.7	1493.5	1995.6
Deff. Tax Assets	8.3	9.2	4.1
Net Fixed Assets	33.8	254.8	267.3
CWIP	0.2	0.4	14.8
Intangible Assets	39.3	46.6	61.0
Other Assets	57.3	96.0	75.0
Total Assets	2,093.5	2,257.7	2,984.8
Current Liabilities	130.1	148.3	202.3
Provisions	34.5	37.3	40.5
Debt Funds	21.7	18.8	15.6
Other Fin. Liabilities	470.2	359.6	705.9
Deferred Tax liability	8.1	9.7	15.3
Equity Capital	40.0	40.0	40.0
Reserves & Surplus	1388.9	1644.1	1965.3
Shareholder's Fund	1428.9	1684.1	2005.3
Total Liabilities	2,093.5	2,257.7	2,984.8
BVPS (Rs)	71.4	84.2	100.3

RATIOS

Y.E March	FY23	FY24	FY25
Profitab. & Return			
EBITDA margin (%)	25.01	22.47	26.44
EBIT margin (%)	22.9	20.6	23.9
Net profit mgn.(%)	23.0	21.7	24.2
ROE (%)	16.4	16.4	17.1
ROCE (%)	32.6	17.6	18.6
W.C & Liquidity			
Receivables (days)	30.6	24.3	27.4
Inventory (days)	-	-	-
Payables (days)	21.9	20.0	22.9
Current ratio (x)	11.9	10.0	10.6
Quick ratio (x)	3.6	2.2	2.5
Turnover & Levg.			
Net asset T.O (x)	30.2	8.8	5.4
Total asset T.O (x)	0.5	0.6	0.5
Int. covge. ratio (x)	124.9	126.7	83.0
Adj. debt/equity (x)	0.0	0.0	0.0
Valuation ratios			
EV/Sales (x)	15.7	12.6	11.3
<i>EV/EBITDA (x)</i>	<i>62.7</i>	<i>56.2</i>	<i>42.7</i>
P/E (x)	68.1	58.1	46.6
P/BV (x)	11.2	9.5	8.0

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GRIEVANCES

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