



## IPO Note

### National Securities Depository Limited

Recommendation: **APPLY!**

**Business – National Securities Depository Limited** is a SEBI registered market infrastructure institution (“MII”) offering a wide range of products and services to the financial and securities markets in India.

**Objects of the Issue – Offer for Sale (OFS)**

**Promoters Name –** The company is a professional managed company and does not have an identifiable promoter

#### Rationale for recommendation –

**National Securities Depository Limited**, incorporated on May-16, 2012, has a significant operating history and is India’s largest depository as of March 31, 2025, in terms of issuers, active instruments, demat value and assets under custody. It operates through 65,391 service centres, significantly higher than CDSL’s 18,918. Revenue from operations grew by 24.10% in FY24 and 11.98% in FY25 due to higher transaction, custody and depository service fees. EBITDA and PAT margins ranged between 30%–35% and 21%–25% respectively, indicating stable profitability. RoCE and RoE stood consistently between 20%–23% and 16%–18% across FY23–25. The company maintained positive operating cash flows and stable liquidity ratios and is debt-free. However, it has unsecured borrowings of Rs. 668.01 Cr., contingent liabilities of Rs. 125.27 Cr. and total litigations of Rs. 319.69 Cr. It also engaged in related party transactions exceeding Rs. 140 Cr. Regulatory non-compliance remains a key risk. Overall financials are stable and management is rated satisfactory. The company’s post-issue P/E of 46.62 appears **fairly priced** when compared to its competitor. As India’s first and leading depository, holding the largest market share in terms of the number of issuers, active instruments, demat settlement value and assets under custody. Government initiatives aimed at enhancing investment participation, along with SEBI’s measures to simplify the investment process are expected to support the company’s long-term growth. Therefore, we recommend **APPLY** for the IPO.

#### IPO Details

Opening Date	Jul 30, 2025
Closing Date	Aug 01, 2025
Allotment Date	Aug 04, 2025
Listing Date	Aug 06, 2025
Stock Exchange	BSE
Lot Size	18 Shares
Issue Price Per Share	₹760 - ₹800
Issue Size	₹4,011.60 Cr.
Fresh Issue	-
Offer for Sale	₹4,011.60 Cr.
Application Amt	₹14,400 - ₹1,87,200 (18 – 234 shares)

#### KPIs

(In Crores)

KPI's	FY 23	FY 24	FY 25
Revenue	1,021.99	1,268.24	1,420.15
EBITDA	328.60	381.13	492.94
Net Profit	234.81	275.45	343.12
RoCE	21.11%	20.92%	22.62%
ROE	16.43%	16.36%	17.11%
P/E	68.14	58.10	46.62

#### Valuation Parameters

Particulars	Pre-Issue	Post Issue*
EPS	17.16	17.16
BVPS	100.27	100.27
P/E	46.62	46.62
P/BV	7.98	7.98
Mkt Cap (In Cr)	16,000.00	16,000.00

\*Annualized

#### Lead Managers –

- ICICI Securities Limited
- Axis Capital Limited
- HSBC Securities and Capital Markets (India) Private Limited
- IDBI Capital Markets & Securities Limited
- Motilal Oswal Investment Advisors Limited
- SBI Capital Markets Limited

#### Registrar –

MUFG Intime India Private Limited

## Industry Overview –

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.

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

**Growth Drivers** - India's depository industry is witnessing strong growth driven by rising capital market participation supported by favourable demographics, increasing financial savings and government-SEBI investor awareness initiatives. The multi-depository system has fostered competition, leading to faster dematerialisation and wider DP service coverage. With a growing number of companies opting for demat, both NSDL and CDSL have seen healthy CAGR in dematerialised securities.

**Outlook** - The Indian depository industry is expected to grow steadily, supported by rising investor participation, digital accessibility and financial literacy initiatives. Regulatory efforts by SEBI and AMFI are further driving a structural shift toward financial asset investments.

(source : RHP)

## Business Overview -

**National Securities Depository Limited** is a SEBI registered market infrastructure institution ("MII") offering a wide range of products and services to the financial and securities markets in India. As of March 31, 2025, the 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. As of March 31, 2025, the company has a network of 65,391 depository participants' service centres as compared to 18,918 such centres with CDSL. The company was originally incorporated as 'NSDL Depository Limited' on May 16, 2012.

The company has subsidiary NSDL Payments Bank Limited (NPBL) which provide digital banking services through innovative and technology-driven measures and NSDL Database Management Limited (NDML). The company's core depository services provide with a steady source of recurring revenue, primarily through annual custody fees that they charge issuers of securities and annual maintenance fees they charge depository participants in relation to corporate accounts serviced through their depository platform. They charge a standardized fixed fee per annum for each corporate account, pro-rated according to the month in which such account is opened in their depository platform. They also charge transaction fees to depository participants and issuers of securities for transactions effected through their depository systems.

### Aggregate Number of Issuers -

Particulars	FY23	FY24	FY25
Listed Issuers	5,804	5,942	6,287
Unlisted Issuers	35,183	40,073	73,486
Total number of Issuers	40,987	46,015	79,773

**Core functions of NSDL** - Maintaining allotment and transfer of ownership records, Facilitating asset servicing and Transaction and other services

**Core depository services** - Maintaining Allotment and Transfer of Ownership Records, Account Opening and Management, Settlement of market and off-market transfers, Dematerialisation of Securities, Corporate Actions, Pledge, Margin Pledge, Non-Disposal Undertakings (NDUs), Consolidated Account Statement (CAS), Providing a comprehensive suite of APIs and Cash Benefit Services.

**Key products and e-services** - SPEED-e, Submission of Power of Attorney-based Instructions for Clients Electronically (SPICE), Internet-based Demat Account Statement (IDeAS), Securities Trading-information Easy Access and Delivery (STeADY), e-Voting, Commercial Paper Issuance Platform and e-AGM.

**Revenue Model** – Annual Fees, Custody Fees, Registration Fees, Transaction Fees, Software License Fees, Communication Fees, Income from Banking Services and other operating income

Recommendation: **APPLY!****Business Strategies -**

- The company aims to continue to focus on growth potential and increase market penetration by investing and upgrading IT infrastructure systems.
- The company plans to diversify and enhance database management business.
- The company plans to increase market share of payment bank business by financial inclusion, digital banking, merchant acquisition, cash management services and third-party product distribution.

FINANCIAL SNAPSHOT							
Key Performance Indicators				Key Ratios			
(Amt in Crores)							
Particulars	FY23	FY24	FY25	Particulars	FY23	FY24	FY25
P&L Statement				Per Share Data			
Total Income	1,099.81	1,365.71	1,535.19	Diluted EPS	11.74	13.77	17.16
Total Expenses	789.94	1,009.39	1,084.14	BV per share	71.44	84.20	100.27
EBITDA	328.60	381.13	492.94	Operating Ratios			
EBIT	306.92	357.01	457.54	EBITDA Margins	32.15%	30.05%	34.71%
PBT	305.04	354.95	453.44	PAT Margins	22.98%	21.72%	24.16%
Tax Expenses	70.23	79.51	110.32	Inventory days	-	-	-
Net Profit	234.81	275.45	343.12	Debtor days	30.67	23.99	33.47
Balance Sheet				Creditor days	-	-	-
Total Equity	1,428.86	1,684.10	2,005.34	Return Ratios			
Liabilities				RoCE	21.11%	20.92%	22.62%
Non-Current Liabilities	24.88	22.06	16.95	RoE	16.43%	16.36%	17.11%
Current Liabilities	639.74	551.58	962.54	Valuation Ratios (x)			
Total Liabilities	664.61	573.64	979.50	EV/EBITDA	3.17	3.79	3.31
Assets				Market Cap/Sales	15.66	12.62	11.27
Non-Current Assets	1,257.98	1,627.15	1,734.57	P/E	68.14	58.10	46.62
Current Assets	835.49	630.58	1,250.27	Price to Book Value	11.20	9.50	7.98
Total Assets	2,093.48	2,257.74	2,984.84	Solvency Ratios			
Cashflow Statement				Debt/Equity	-	-	-
Operating Cashflow	507.94	112.88	557.85	Current Ratio	1.31	1.14	1.30
Investing Cashflow	-441.71	-177.56	-502.32	Quick Ratio	1.31	1.14	1.30
Financing Cashflow	-20.00	-20.00	-16.38	Asset Turnover	0.49	0.56	0.48
				Interest Coverage Ratio	163.86	173.31	111.68

**Financial Analysis –**

- **Revenue from Operations** – The company's top line increased by 24.10% in FY24 and 11.98% in FY25 primarily on account of increase in transaction and custody fees and increase in revenue from depository and banking services business.
- **EBITDA and PAT Margins** – The company's EBITDA margin ranged between 30% and 35% and PAT margin between 21% and 25% indicating stability in return ratios.
- **RoCE and RoE** – The company's RoCE ranged between 20% and 23% and RoE between 16% and 18% from FY23 to FY25, indicating consistent returns to investors.
- **Operating cashflow** – The company has maintained positive operating cashflows over the years.
- **D/E ratio** - The company is completely debt-free.
- The company's current ratio and quick ratio have remained stable.

**Financial Outlook** – The company's overall financials appear stable and sustainable in the long run.

**Lead Manager –**

The IPO is handled by 6 lead managers. The lead managers have managed 101 IPOs in last 3 years, among them 23 IPOs have closed in discount to their issue price on their respective listing dates.

## Risk Factors -

- The company has 1 criminal proceeding, 4 statutory or regulatory proceedings and 3 material civil litigations, together amounting to Rs. 319.69 Cr.
- The company's non-compliance with stringent SEBI regulations may expose the company to regulatory actions, governance challenges and leadership disruptions.
- The company has entered various related party transactions amounting to Rs. 43.81 Cr., Rs. 36.88 Cr. and Rs. 60.91 Cr. in FY23, FY24 and FY25 respectively.
- The company has contingent liabilities amounting to Rs. 125.27 Cr. as of Mar-2025.
- The company has unsecured debt amounting to Rs. 668.01 Cr. as of Mar-2025.

## Key Management

- Vijay Chandok is the Managing Director and Chief Executive Officer of the company. He has 31 years of experience in the financial services industry.
- Parveen Kumar Gupta is the Chairman and Public Interest Director of the company. He has over 40 years of experience in the banking industry and has been a part of an expert committee constituted by the RBI on micro, small and medium enterprises.
- The company has other 3 public interest directors having significant years of experience in their respective fields.
- The company's Non-Independent Directors are qualified and have significant experience in their respective fields.
- The company's Chief Financial Officer (CFO) has 17+ years of experience and Company Secretary and Compliance Officer has over 21 years of experience.
- The company's other key managerial personnel and senior management also have significant experience in their respective fields.

**Outlook** – The overall management of the company is considered **satisfactory**.

## Peer Analysis

Particulars	National Securities Depository Limited			Central Depository Services (India) Limited		
	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25
NP Margin	22.98%	21.72%	24.16%	44.44%	46.19%	43.82%
EBITDA Margin	32.15%	30.05%	34.71%	61.97%	64.30%	61.90%
RoCE	21.11%	20.92%	22.62%	28.70%	36.08%	37.66%
ROE	16.43%	16.36%	17.11%	22.74%	28.64%	29.92%
EPS (INR)	11.74	13.77	17.16	13.20	20.05	25.20
P/E	68.14	58.10	46.62	34.42	42.69	47.61

## Disclaimer

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