



National Securities Depository Ltd

Industry: Depository

Date: 29th July, 2025

Rating
SUBSCRIBE



Issue Highlights

NSDL IPO is a book-building of Rs. 4,011.60 crores. The issue is entirely an offer for sale of 5.01 crore shares.

The selling shareholders are:

Selling Shareholder	Percentage of the Equity Share capital held (Pre IPO)
IDBI Bank Limited	26.10%
National Stock Exchange of India Limited	24.00%
Union Bank of India	2.81%

The remaining shareholders are:

Shareholders	Percentage of the Equity Share capital held (Pre IPO)
HDFC Bank Limited (SS)	7.95%
Administrator of the Specified Undertaking of UTI	6.83%
Deutsche Bank A.G	5.00%
State Bank of India	5.00%
Citibank N.A.	3.13%
The Hongkong and Shanghai Banking Corporation	3.13%
Canara Bank	2.30%



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ISSUE OPENS

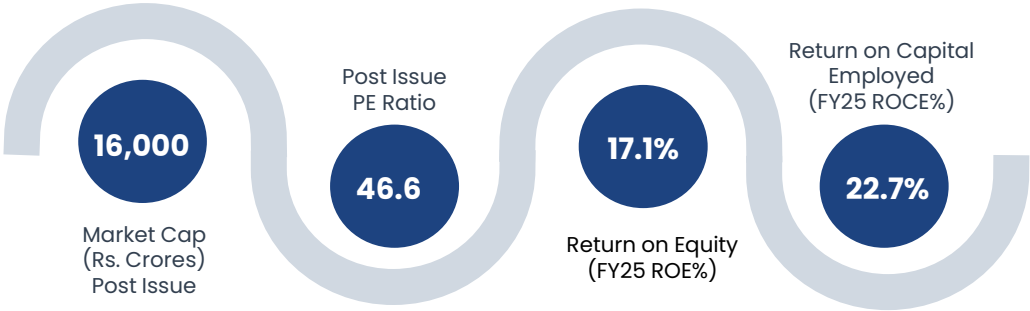
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ISSUE DETAILS	
Price Band	Rs. 760 to Rs. 800 per share
Face Value	Rs. 2 per share
Total Offer Size	5,01,45,001 shares (aggregating up to Rs. 4,011.60 Cr)
Offer For Sale	5,01,45,001 shares (aggregating up to Rs. 4,011.60 Cr)
Issue Type	Book Built Issue IPO
Minimum lot	18 shares
Listing on	BSE

Outlook

- NSDL is India’s first and largest depository, with a dominant 89% market share in the value of demat assets (overall Rs. 453 Lakh Crore in assets under custody as of FY25); and 99.6% market share by settlement value in India. As of FY25, NSDL held dematerialised assets worth Rs. 405.2 Lakh Crore under custody, as compared to Rs. 48.6 Lakh Crore held by CDSL.
- The company operates critical market infrastructure with a SEBI-recognised MII (Market Infrastructure Institution) status, ensuring regulatory resilience and systemic relevance to India’s capital markets.
- Although NSDL services only 4.11 Crore demat accounts as compared to 11.32 by CDSL; NSDL continues to maintain a dominant share in terms of asset value under custody, supported by its institutional franchise.
- NSDL has a strong institutional tilt with over 91% of institutional assets dematerialised with it.
- As of FY25, NSDL had 65,391 service centres across 99% of Indian PIN codes – signifying unmatched retail and institutional reach.
- NSDL has maintained a two-year revenue CAGR of 17.8% and PAT CAGR of 20.5% over FY23–25.
- Its revenue mix is highly annuitized, with 76.5% of operating revenue in FY25 being recurring in nature, offering strong visibility and downside protection.
- Over 91% of NSDL’s service fees are derived from registered intermediaries like custodians, AMCs, brokers, and issuers, making the business highly sticky and network-driven rather than individual retail account-dependent.
- NSDL also benefits from volume-linked fees, particularly in equity market buoyancy and rising demat inflows through SIPs, IPOs, and direct investing channels.
- Revenue contribution is spread across multiple verticals–Depository Services (67.3%), Issuer Services (11.2%), and Subsidiaries (21.5%)–providing a balanced and risk-mitigated income portfolio.
- NSDL’s issuer base is 2x larger than CDSL’s with 33,758 issuers and 27.3 Lakh active ISINs as of FY25.
- NSDL is offered at a post-issue PER of 46.6 implying a discount 29% discount to CDSL’s 65.7x.
- We have issued a “SUBSCRIBE” rating for NSDL’s IPO for listing gains.



Indicative Timeline

	On or before
Finalization of Basis of Allotment	Mon, Aug 4, 2025
Unblocking of Funds	Tue, Aug 5, 2025
Credit of shares to Demat Account	Tue, Aug 5, 2025
Listing on exchange	Wed, Aug 6, 2025

IPO Reservation

QIB Shares	Not more than 50% of the Net Offer
HNI Shares	Not less than 35% of the Net Offer
Retail Shares	Not less than 15% of the Net Offer

Lot Size

Application	Lots	Shares	Amount
Retail (Min)	1	18	Rs. 14,400
Retail (Max)	13	234	Rs. 1,87,200
S-HNI (Min)	14	252	Rs. 2,01,600
S-HNI (Max)	69	1,242	Rs. 9,93,600
B-HNI (Min)	70	1,260	Rs. 10,08,000

Company Overview

- National Securities Depository Limited (NSDL) is a SEBI-registered Market Infrastructure Institution (MII) that operates as a central securities depository in India. The company commenced operations in November 1996 following the enactment of the Depositories Act, becoming the first entity to enable dematerialisation of securities in the country. As of March 31, 2025, NSDL is the largest depository in India by number of registered issuers, number of active instruments, value of assets held under custody, and market share in settlement value of dematerialised securities, as per data from CRISIL.
- NSDL provides a digital infrastructure framework that supports the holding and transfer of securities in electronic form. Investors access its services through “demat accounts” maintained with any of the 294 registered depository participants. As of March 31, 2025, the company serviced 3.945 Crore active demat accounts, with coverage extending to over 99.34% of Indian postal PIN codes and across 194 countries.
- The company supports a wide range of asset classes including listed and unlisted equity, preference shares, warrants, mutual fund units, REITs, InvITs, AIFs, corporate bonds, commercial paper, government securities, treasury bills, municipal debt, sovereign gold bonds, pass-through certificates, security receipts, and electronic gold receipts. NSDL’s platform facilitates key depository functions including dematerialisation, securities settlement, pledging and repledging (including margin pledges), off-market transfers, corporate actions, and segregation of client securities through Client Unpaid Securities Pledgee Accounts (CUSPA). In addition to core services, the company offers ancillary services such as e-voting, consolidated account statements (CAS), non-disposal undertakings (NDU), and blockchain-enabled platforms for security and covenant monitoring.
- NSDL operates a centralised book-entry system to record the allotment and transfer of ownership in securities. It supports a range of market participants including investors, issuers, brokers, custodians, clearing corporations, and other intermediaries, offering integrated systems to facilitate real-time and secure transactions. NSDL’s architecture is underpinned by scalable, modular, and secure IT infrastructure.
- As of FY25, NSDL held custody of Rs. 70.17 Lakh Crore worth of assets for individuals and HUFs, constituting 67.90% of such dematerialised assets across depositories. It also held Rs. 4.68 Lakh Crore in assets for NRIs, accounting for 85.56% market share in that segment. The company serviced 99.99% of dematerialised securities held by Foreign Portfolio Investors (FPIs) and held a 96.98% market share in the value of dematerialised debt securities in custody (Rs. 52.2 Lakh Crore) across all depositories.
- The company’s revenue model is diversified and largely recurring. Primary sources of income include custody fees, transaction charges, registration fees, and multiple annual usage-based fees. These are charged to both depository participants and issuers. Specific revenue lines include:
 - Annual Fees from DPs for corporate demat accounts, software access, and system services;
 - Custody Fees charged to issuers per folio, calculated based on the nominal value of admitted securities;
 - Registration Fees from issuers and RTAs;
 - Transaction Fees linked to securities settlements, pledging activity, CAS generation, and e-voting;
 - Software License and Communication Fees related to DPM and system bandwidth usage;
 - Banking Revenue via NPBL including AePS, micro-ATM, remittance, prepaid card usage, and third-party distribution;
 - Other Operating Income including service migration charges and training fees for market participants.

- The company's core services are augmented by its two subsidiaries:
 - NSDL Database Management Limited (NDML) provides IT-enabled solutions across e-governance, regulatory compliance, insurance repositories, and KYC platforms. It manages key national infrastructure projects including the National Skills Registry and SEZ Online system for the Ministry of Commerce and Industry.
 - NSDL Payments Bank Limited (NPBL), operating since 2018, offers digital banking services through a business-to-business-to-consumer (B2B2C) model. NPBL focuses on financial inclusion via services such as AePS, micro-ATMs, UPI payments, and distribution of financial products including mutual funds and insurance.
- The company continues to invest in advanced technologies such as Distributed Ledger Technology (DLT), Application Programming Interfaces (APIs), and big data platforms (like Hadoop) to streamline regulatory reporting, enhance transparency in bond markets, and support real-time data exchange with market intermediaries.
- NSDL recorded an average daily account opening rate of 15,320 during FY25. The issuer base also expanded significantly during the year, with net additions of 33,758 issuers, taking the total to 79,773 as of March 2025, up from 46,015 in the previous year. Over the period FY23 to FY25, revenue from operations grew from Rs. 1021.9 Crore to Rs. 1420.1 Crore, while PAT increased from Rs. 234.8 Crore to Rs. 343.1 Crore.
- Through its scale, operational infrastructure, and integration across multiple capital market participants and financial platforms, NSDL forms a core component of India's securities market ecosystem.



Product Ecosystem

Core Depository Services:

At the heart of NSDL's ecosystem is its book-entry depository system that supports the lifecycle of dematerialised securities. Key offerings include:

1. **Securities Record Management:** NSDL maintains allotment and ownership records for over 8.0 Crore active demat accounts through electronic entries, enabling real-time and secure traceability of securities.
2. **Demat Account Lifecycle Services:** Through its 294 depository participants, NSDL facilitates account opening, demographic updates, nomination facilities, and KYC compliance for retail and institutional investors.
3. **Securities Settlement & Transfers:** NSDL supports both on-market and off-market transfers, integrating with all major clearing corporations for seamless settlement of trades on Indian stock exchanges.
4. **Dematerialisation Infrastructure:** The company enables the digitisation of a broad asset universe—including listed equity, debt, G-Secs, REITs, AIFs, and unlisted securities—across issuers and registrar & transfer agents (RTAs).
5. **Pledging and Margining:** Through its margin pledge-repledge framework, NSDL supports the collateralisation of securities from client to clearing corporation in a layered, segregated manner, aligning with SEBI's client protection norms.
6. **Corporate Actions Processing:** The platform handled over 7.8 Lakh corporate action events in FY25, assisting issuers with dividend payouts, bonus issues, rights allotments, and more.
7. **Non-Disposal Undertaking (NDU):** The system supports digitally recorded NDUs to safeguard lender rights under loan agreements involving pledged promoter shares.

Digital and Value-Added Services:

1. NSDL has developed a suite of APIs and digital interfaces to streamline participant workflows, enhance investor access, and support regulatory mandates.
2. **Consolidated Account Statement (CAS):** NSDL issued over 11.0 Crore CAS reports in FY25, providing investors with unified views of demat holdings across asset classes and including insurance and NPS data.
3. **Investor Interfaces:** Platforms such as IDeAS (18.2 Lakh users), SPEED-e, and STeADY facilitate secure investor logins, electronic instructions, and straight-through-processing (STP) of trade data.
4. **SPICE & e-DIS Gateways:** Power-of-attorney-based transaction flows are supported digitally, improving settlement efficiency and compliance.
5. **e-Voting & e-AGM:** NSDL facilitated 4,988 e-voting events and over 2,600 e-AGMs in FY25, contributing to increased shareholder participation.
6. **Blockchain and Securities Monitoring:** A blockchain-based securities and covenant monitoring platform has been adopted by 562 listed bond issuers and 11 trustees as of FY25.
7. **Regulatory Infrastructure:** NSDL supports SEBI's initiatives including the Client Unpaid Securities Pledgee Account (CUSPA), T+1 and T+0 settlement rollouts, and implementation of direct credit and UPI-blocked trading.

NPBL – Financial Inclusion and Digital Banking:

NPBL functions as NSDL's digital banking subsidiary, delivering services through a B2B2C model and promoting financial inclusion. As of March 31, 2025, NPBL had 24.2 Lakh active users, and over 10.6 Lakh users of its mobile app, NSDL Jiffy. Key offerings include:

1. NSDL Jiffy: Enables account opening (including PMJDY-linked zero-balance accounts), virtual debit cards, and digital bill payments.
2. AePS & Micro-ATMs: NSDL facilitated Rs. 51,171.6 Crore in cash withdrawals through Aadhaar-enabled transactions, and Rs. 13,018.5 Crore via micro-ATM terminals in FY25.
3. Cash Management Services: NSDL supported EMI and cash collection transactions worth Rs. 28,392.2 Crore in FY25 via NBFCs and microfinance tie-ups.
4. Mutual Fund Distribution & Prepaid Cards: Over Rs. 8,953.1 Crore in transactions were processed via prepaid card offerings, including meal and payroll cards.

NDML – e-Governance and Market Infrastructure Solutions:

NDML complements NSDL's depository platform through enterprise-grade infrastructure for e-Governance, compliance, and market utility services. It holds approvals from SEBI, RBI, IRDAI, UIDAI, and the Ministry of Commerce. Key capabilities include:

1. Insurance Repository (NIR): Over 1.21 Crore policies were held in demat form as of FY25, offering digitised insurance access across product types.
2. SEZ Online & National Skills Registry: SEZ Online services over 5,730 units and 566 developers; NSR has onboarded 24.7 Lakh IT/ITes employees.
3. KYC & Accreditation Agency: NDML services 1,728 SEBI-registered intermediaries and maintains 1.88 Crore KYC records.
4. Instigo Platform: A fully digital onboarding solution enabling brokerages and depository participants to complete KYC and demat activations seamlessly.
5. Payment Gateway Operations: Through "SurePay" and "PayGov India," NDML supports digital payment processing for over 400 government and institutional clients.



Risks

- **Regulatory and Legal Risk:** NSDL functions as a Market Infrastructure Institution (MII) and is subject to extensive regulatory oversight by SEBI and other financial sector regulators. Any changes in the regulatory framework governing depositories, including fee caps, transaction norms, data storage rules, or new licensing criteria, could materially impact NSDL's operations and profitability. Further, as per MII regulations, the company is required to maintain high levels of compliance, capital adequacy, and cyber resilience. Non-compliance with SEBI norms or circulars, even due to interpretation differences, can attract penalties or reputational damage. Additionally, as per SEBI regulations, no single entity is permitted to hold more than 15% equity in a depository, constraining the company's capital structure and future fundraising flexibility.
- **Dependency on Market Cycles and Participant Activity:** A significant portion of NSDL's revenues is derived from transaction-based fees, custody fees, and issuer services that are linked to capital market activity levels. In periods of low trading volume, reduced IPO activity, or declining demat account growth, there may be a corresponding decline in revenues from these verticals. While over 76% of the company's revenue in FY25 was recurring in nature, a material market slowdown or liquidity crisis could still adversely affect new account openings, securities issuances, corporate actions, and transaction volumes.
- **Competitive Intensity and Market Share Risk:** NSDL operates in a duopolistic environment with CDSL as its key peer. While NSDL leads by value of assets under custody and institutional participation, CDSL has gained retail market share in recent years, particularly in terms of new demat account openings. Any continued shift in retail or issuer preference—driven by pricing, integration, or user interface—could erode NSDL's volume-linked revenue base. Moreover, the pricing of depository services remains under regulatory surveillance and any harmonisation or forced downward revision may compress margins across the sector.
- **Operational and Technology Risk:** Given its role as a central depository, NSDL manages high volumes of sensitive financial data and real-time settlement operations. Systemic outages, cybersecurity breaches, or lapses in data integrity could disrupt service delivery and expose the company to regulatory scrutiny, litigation, and reputational damage. Although NSDL has implemented disaster recovery frameworks and cybersecurity protocols, evolving threats and increasing reliance on cloud infrastructure and APIs heighten the risk of targeted attacks or system vulnerabilities. Additionally, business continuity depends on uninterrupted availability of telecommunications, electricity, and internet infrastructure.
- **Subsidiary and Diversification Risks:** NSDL's subsidiaries, namely NSDL Payments Bank Ltd. (NPBL) and NSDL Database Management Ltd. (NDML), contribute approximately 21.5% of operating revenue (FY25). However, both operate in adjacent but highly regulated domains—digital banking and e-governance services—where margins are lower and competition is more fragmented. NPBL, in particular, has yet to achieve scale profitability and remains exposed to risks from cash logistics operations, partner-led distribution, and compliance with RBI norms for small finance banks.

Financials

Income Statement (Rs. Cr)	FY25	FY24	FY23
Revenue from Operations	1,420.1	1,268.2	1,022.0
Other Income	115.0	97.5	77.8
Total Income	1,535.2	1,365.7	1,099.8
Expenses	1,044.6	983.2	766.4
EBITDA	375.5	285.0	255.6
EBITDA Margin	26.4%	22.5%	25.0%
Depreciation	35.4	24.1	21.7
EBIT	340.1	260.9	233.9
Finance Cost	4.1	2.1	1.9
Profit before Share of Profit / (Loss) of investment	451.0	356.3	309.9
Share of Profit / (Loss) of Associate	2.4	-1.4	-4.8
PBT	453.4	355.0	305.0
Tax	110.3	79.5	70.2
PAT	343.1	275.4	234.8
EPS (In Rs.)	17.2	13.8	11.7

Ratios

Particulars	FY25	FY24	FY23
EBITDA Margin (%)	26.4%	22.5%	25.0%
Net Profit Margin (%)	24.2%	21.7%	23.0%
Return on Equity (RoE%)	18.6%	19.0%	17.8%
Return on Capital Employed (RoCE%)	22.7%	21.3%	21.8%

Balance Sheet (Rs. Cr)	FY25	FY24	FY23
Equity and Liabilities			
Share Capital	40.0	40.0	40.0
Other Equity and Reserves	1,965.3	1,644.1	1,388.9
Borrowings	721.5	378.3	491.9
Other Liabilities	258.0	195.3	172.7
TOTAL EQUITY AND LIABILITIES	2,984.8	2,257.7	2,093.5
Assets			
Fixed Assets	321.6	288.9	68.3
CWIP	21.5	12.9	5.1
Cash & Cash Equivalents	374.2	240.5	387.0
Other Assets	2,267.5	1,715.4	1,633.1
TOTAL ASSETS	2,984.8	2,257.7	2,093.5

Other Metrics

Particulars	FY25	FY24	FY23
Demat custody value (Rs. Crores)	4,64,16,404	4,23,44,188	3,02,18,890
Demat Accounts (excluding closed accounts) (Cr)	3.945	3.577	3.146
Demat custody value per demat account (in Rs. Crores)	1.18	1.18	0.96

Peer Comparison

Company	Market Cap (Rs. Cr)	PE Ratio	ROE% (FY25)	ROCE% (FY25)	EBITDA Margin (FY25%)
National Securities Depository Ltd	16,000	46.6	17.1%	22.7%	26.4%
Central Depository Services (India) Ltd	32,180	65.1	32.7%	42.0%	58%

Particulars	No. of unlisted companies at NSDL	No. of unlisted companies at CDSL	Market share of NSDL	Market share of CDSL
FY18	11,022	2,905	79.14%	20.86%
FY19	15,816	5,915	72.78%	27.22%
FY20	21,075	7,900	72.74%	27.26%
FY21	24,910	9,397	72.61%	27.39%
FY22	27,920	10,897	71.93%	28.07%
FY23	31,245	12,623	71.23%	28.77%
FY24	35,416	14,594	70.82%	29.18%
FY25	68,223	25,187	73.04%	26.96%

Particulars	Demat value of unlisted companies at NSDL (Rs. Crores)	Demat value of unlisted companies at CDSL (Rs. Crores)	Market share of NSDL	Market share of CDSL
FY18	6,39,024	1,12,813	85.00%	15.00%
FY19	8,69,501	1,39,408	86.18%	13.82%
FY20	10,12,157	1,28,541	88.73%	11.27%
FY21	10,99,120	1,39,584	88.73%	11.27%
FY22	13,54,498	1,52,246	89.90%	10.10%
FY23	14,84,026	1,64,870	90.00%	10.00%
FY24	16,27,619	1,70,415	90.52%	9.48%
FY25	19,36,758	2,14,607	90.02%	9.48%

Particulars	Value of shares settled in demat form at NSDL	Value of shares settled in demat form at CDSL	Market share of NSDL	Market share of CDSL
FY18	32,53,752	9,39,119	77.60%	22.40%
FY19	31,16,230	6,97,546	81.71%	18.29%
FY20	3,38,113	7,46,580	81.59%	18.41%
FY21	43,22,164	19,33,259	69.09%	30.91%
FY22	54,72,022	30,74,620	64.03%	35.97%
FY23	49,60,293	22,87,486	68.44%	31.56%
FY24	76,59,008	36,91,793	67.48%	32.52%
FY25	1,03,22,258	53,11,263	66.03%	33.97%

Particulars	Total demat value of debt securities at NSDL	Total demat value of debt securities at CDSL	Market share of NSDL in demat value of debt securities	Market share of CDSL in demat value of debt securities	Number of debt issuers at NSDL	Number of debt issuers at CDSL	Market share of NSDL in number of debt issuers	Market share of CDSL in number of debt issuers
FY18	28,88,126	79,628	97.32%	2.68%	2238	891	71.52%	28.48%
FY19	31,34,251	98,291	96.96%	3.04%	2546	963	72.56%	27.44%
FY20	33,10,175	17,802	96.85%	3.15%	2782	1006	73.44%	26.56%
FY21	3,76,204	1,21,308	96.83%	3.17%	3192	1094	74.48%	25.52%
FY22	39,32,567	1,16,745	97.12%	2.88%	3528	1241	73.98%	26.02%
FY23	42,14,464	1,34,102	96.92%	3.08%	3846	1390	73.45%	26.55%
FY24	45,88,336	1,44,467	96.95%	3.05%	4218	1493	73.86%	26.14%
FY25	52,19,507	1,62,668	96.98%	3.02%	4935	1646	74.99%	25.01%

Industry Outlook

- India's securities depository industry is undergoing rapid structural evolution, supported by rising financialisation, regulatory digitisation, and a broadening retail investor base. The depository infrastructure, primarily comprising NSDL and CDSL, forms the backbone of dematerialisation and trade settlement across asset classes. Over the last five years, the industry has recorded significant growth, and forward-looking indicators suggest continued momentum across demat penetration, asset dematerialisation, and value-added compliance services.
- The Indian depository industry operates as a duopoly, with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) being the two registered depositories under the SEBI framework. Both institutions enable the electronic holding, transfer, and settlement of securities across asset classes. As of March 2025, the total number of demat accounts in India reached 15.43 Crore, reflecting a significant CAGR of 32% between FY20 and FY25, driven by increased retail investor participation, digitisation of financial services, and strong momentum in IPO issuances. Of this, CDSL accounted for 11.32 Crore accounts, while NSDL serviced 4.11 Crore accounts. However, NSDL continued to maintain a dominant share in terms of asset value under custody, supported by its institutional franchise and high-value issuer base.
- Going forward, the total number of demat accounts is projected to reach 25.0 Crore by FY28, translating into a CAGR of 17.6% over FY25–28. This growth is expected to be underpinned by deeper rural and semi-urban penetration, integration of demat infrastructure with public digital platforms such as Aadhaar and Digilocker, and increasing participation from first-time investors, NRIs, and women.
- Between FY20 and FY25, the total number of active instruments in the depository system grew from 22 Lakh to 39 Lakh, representing a CAGR of 12%. NSDL holds a 69.7% market share in terms of active instruments and 89.3% share by value of dematerialised assets under custody as of March 2025. Dematerialisation across asset classes is expected to reach 55 Lakh by FY28. In terms of total settlement value, NSDL's share stood at 99.6%, driven by its concentration among institutional investors, foreign portfolio investors (FPIs), and clearing corporations.
- As of FY25, NSDL held dematerialised assets worth Rs. 405.2 Lakh Crore under custody, as compared to Rs. 48.6 Lakh Crore held by CDSL. According to CRISIL estimates, the total dematerialised assets under custody across depositories are projected to grow from Rs. 453.8 Lakh Crore in FY25 to Rs. 690.4 Lak Crore by FY28, implying a CAGR of 15%.
- The growth in dematerialisation has also been propelled by regulatory mandates. SEBI has introduced multiple reforms to increase transparency and deepen the capital market infrastructure. These include the implementation of T+1 and pilot T+0 settlement cycles, mandatory dematerialisation of units of mutual fund schemes, sovereign gold bonds, debt securities, and insurance policies, and stricter KYC norms for intermediaries and market participants. These structural shifts are expected to bring more issuers and investors into the depository ecosystem, expanding the addressable market.
- The industry is also witnessing rising volumes in terms of corporate actions, securities pledging, and margin replugging, with the number of such transactions growing at a CAGR of over 25% during FY20–25. Moreover, adoption of value-added services such as e-voting, consolidated account statements (CAS), e-AGMs, and demat-based KYC solutions has grown substantially across both retail and institutional segments. The number of corporate issuers using depository services increased from 7,230 in FY20 to 14,962 in FY25, reflecting an issuer CAGR of 15.2%, while the number of RTAs and SEBI-registered intermediaries using digital onboarding and compliance services has expanded in parallel.
- India's capital market infrastructure is expected to deepen further with the anticipated growth in equity and debt issuances. The primary equity market mobilised Rs. 1.55 Lakh Crore in FY24 through IPOs and follow-on public offers, while the corporate bond market saw issuances of Rs. 9.1 Lakh Crore during the year. Regulatory encouragement for bond listings, green financing, and municipal debt is expected to drive incremental dematerialisation of fixed-income instruments. Additionally, the introduction of platforms such as the proposed SEBI Institutional Mechanism for debt market development and rationalisation of listing frameworks is likely to support further expansion in securities custody and settlement volumes.

- The insurance and mutual fund industries, both key users of depository infrastructure, are also poised for growth. Mutual fund AUM increased at a CAGR of 22% from FY20 to FY25, reaching Rs. 54.1 Lakh Crore, with demat-based holding of mutual fund units through platforms like NSDL and CDSL rising in tandem. The industry is expected to surpass Rs. 75 Lakh Crore by FY28.
- On the insurance side, the number of policies held in dematerialised form is estimated to grow from 1.2 Crore in FY25 to over 2.5 Crore by FY28, reflecting a CAGR of nearly 27%, driven by IRDAI's digital mandate and adoption of insurance repositories for both life and non-life segments.
- In parallel, the use of depositories for value-added services—including e-voting, e-AGMs, consolidated statements (CAS), covenant monitoring, margin pledging, and real-time client-level surveillance—is expanding. These segments are expected to witness strong adoption across issuers, regulators, and intermediaries. For instance, the number of corporate actions processed via depositories is projected to grow at over 20% CAGR, while e-voting and STP-enabled transaction systems are seeing increased usage due to regulatory compliance and investor demand for transparency.
- The structural transformation of the depository industry is also being catalysed by the integration of India's financial digital public infrastructure. The convergence of APIs, UID-based onboarding, CKYC repositories, and digital documentation standards is expected to drive an exponential reduction in account opening time, cost-to-serve, and service customisation. This will facilitate increased B2B and B2C adoption of demat-linked services across wealth management, PMS, and distribution platforms.
- Taken together, the Indian depository ecosystem is evolving from a transaction facilitator to a full-stack digital compliance and financial infrastructure provider. With continued regulatory support, broad-based adoption, and product innovation across capital markets and adjacent sectors, the industry is expected to deliver resilient and high-quality growth over the medium term. The increasing formalisation of financial assets, rising digitisation of retail and institutional workflows, and mandatory compliance adoption by market participants are expected to remain key growth enablers for the foreseeable future.





Cholamandalam Securities Limited Member: BSE, NSE, MSE, NSDL, CDSL

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