



NSDL

Technology, Trust & Reach



National Securities Depository Ltd

NSDL

Rating SUBSCRIBE	Issue Opens On July 30, 2025	Issue Closes On August 1, 2025	Listing Date August 6, 2025	Price Band (INR) 760 - 800	Issue Size (INR Mn.) 38,110 - 40,116
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Company Overview:

- National Securities Depository Limited (NSDL), is a SEBI-registered market infrastructure institution, providing depository services to retail and institutional investors. It pioneered the dematerialization of securities in India in 1996.
- Under a scheme of arrangement, the depository undertaking got demerged from Protean eGov Technologies Limited (previously known as “NSDL e-Governance Infrastructure Limited”) and “NSDL Depository Limited” was formed on April 27, 2012, which was later renamed as National Securities Depository Limited.
- The Company operates across three segments including Depository Services (43.6% of FY25 revenue), Banking Services (50.7%), and Database Management Services (5.8%). As of FY25, it held demat custody worth INR 464 trillion, with a 66% market share in settlement value.
- It earns revenue from custody fees, transaction charges on debit transactions, demat annual maintenance fees, registration fees, and software licenses. As of March 2025, it had 39.5 million active demat accounts and, served over 79,000 issuers, including 73,000+ unlisted companies.

Outlook:

The no. of active demat accounts with NSDL, has grown at 13.5% CAGR over FY19-25 to reach 39.5 Mn. Notably, despite a lower number of active accounts, NSDL commands an impressive 66% market share in settlement value, with total assets in its custody amounting to INR 464tn.

Its revenue and net profit grew consistently at 17.9% and 20.9% CAGR over FY23-25, led by continuous increase in number of active demat accounts and higher trading activity across its account, along with diversification into other ancillary investor services.

We find value in the NSDL’s initial issue, which is priced at 46.6x TTM P/E, compared to listed peer valuation of 64.1x TTM P/E, as we believe the Company will perform better over the upcoming 3-5 years, driven by its higher focus on driving growth in retail demat accounts, through expanding relations with discount and new-age depository participants across underserved regions.

We assign a “**SUBSCRIBE**” rating to its initial issue.

Particulars (In INR Mn)	FY23	FY24	FY25
Revenue	10,220	12,682	14,201
EBITDA	2,556	2,850	3,755
EBITDA Margin (%)	25%	22%	26%
Profit After Tax	2,348	2,754	3,431
PAT Margin (%)	23%	22%	24%
Net Worth	14,289	16,841	20,053
RONW (%)	16%	16%	17%

Source: IPO Prospectus, DevenChoksey Research

OFFER STRUCTURE

Particulars	IPO Details
No. of shares under IPO (Mn.)	50.2
Fresh issue (# shares) (Mn.)	0
Offer for sale (# shares) (Mn.)	50.2
Price band (INR)	760 - 800
Post issue MCAP (INR Bn.)	152 - 160

Issue	# Shares	INR Mn	%
QIB	2,50,72,501	Max. 20,058	Not more than 50%
NIB	75,21,750	Min. 6,017	Not less than 15%
Retail	1,75,50,750	Min. 14,041	Not less than 35%
Net Offer	5,01,45,001	40,116	100%

Shareholding Pattern	Pre Issue (%)	Post Issue (%)
Promoters	0.00%	0.00%
Public	100.00%	100.00%
Total	100.00%	100.00%

BRLM

- 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

Indicative Timetable

Offer Closing Date	Friday, Aug 1, 2025
Basis of Allotment	Monday, Aug 4, 2025
Initiation of Refunds	Tuesday, Aug 5, 2025
Credit of Shares to Demat	Tuesday, Aug 5, 2025
Listing Date	Wednesday, Aug 6, 2025

Source: IPO Prospectus

NSDL

Industry Overview

Global Securities Market Landscape

Globally, the securities market has witnessed continued resilience and consistent expansion, **driven by increased retail participation, higher digitalization, and market liberalization**. The rise in equity markets has been majorly benefited by improvement in technology, increase in regulatory oversight enhancing transparency among market participants, and **improved financial literacy and knowledge** about the asset class among investors led by upsurge in education and awareness, especially across emerging markets.

Developed security markets including the U.S., Europe and Singapore remain key financial hubs, but **emerging markets** like **India, China, and Brazil** are progressively **attracting greater investor attention** driven by **robust economic growth** prospects and **expanding middle-class demographics**. After, COID-19, India has witnessed a strong upsurge in its security market activities, driven by higher retail participation and robust economic growth.

Indian Economy

India, over the past two decades, has exhibited a strong growth trajectory led by higher traction in both domestic consumption and exports, driven by its three growth drivers i.e., agriculture, manufacturing and services. Its GDP has **expanded at robust pace of ~8.9% CAGR** from **~USD 476bn in 2000 to ~USD 3.7bn in 2024**.

Despite many temporary setbacks like the Global Financial Crisis (2008), Taper Tantrum (2013), Demonetization (2016), Introduction of GST (2017) and Covid-19 led pandemic (2020), over the long-term **India has consistently grown at 6.5% - 7.5% in real GDP terms**. Moreover, as per leading economists, **India is expected to become the third largest economy by 2028**, while is **expected to cross the USD 7tn milestone by 2030**.

India's Gross Domestic Savings Outpace Global Average Amid Economic Recovery

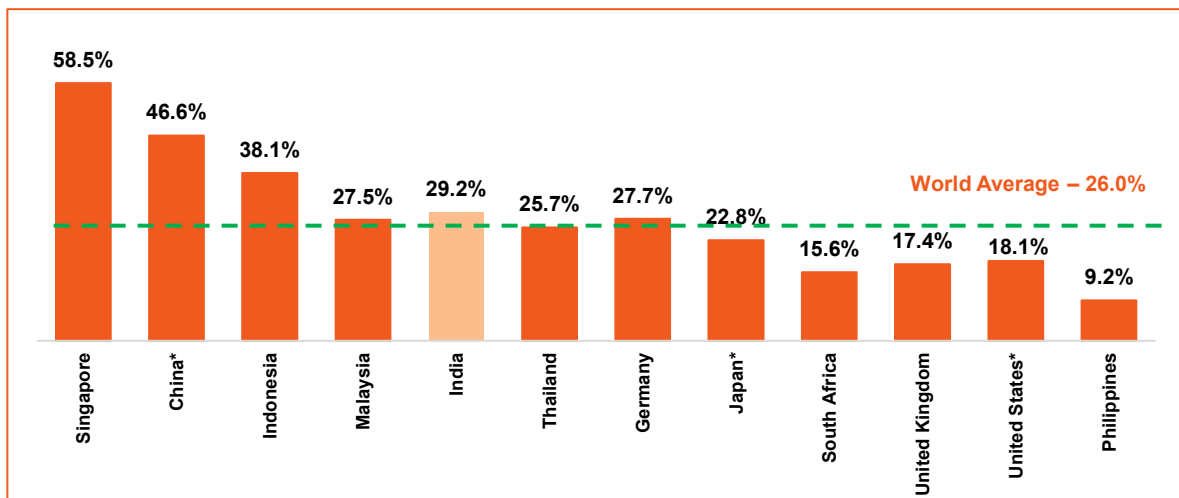
Traditionally Indians have remained excellent savers driven by family and cultural values inculcated in them. In the 21st century, India's national savings rate has remained in the range of 28.0%-30.0%.

In contrast, during 2020, the savings rate observed a temporary dip to 27.3%, driven by economic disruptions and hardships brought on by the COVID-19 pandemic. With gradual recovery in economic activities, rise in per capita income, improvement in digital banking and financial literacy, its gross domestic savings rate improved by 80bps to 29.2% in 2023, marking a notable improvement from 28.4% in 2022.

Globally, India's savings rate of 29.2% (2023), has stood above the world average of 26.0% and many developed countries including Germany, Japan, the US and UK., reflecting resilience and financial capacity of Indians.

At the **current savings rate**, the country **will witness gross savings of ~USD 1tn annually**, which is **expected to drive an exponential surge in demand for equity investments** and **will deepen its securities market**.

India's Gross Domestic Savings Rate stood higher than Global Average (2023)



Note: The savings rate is in %, *Data as of 2022
 Source: IPO Prospectus, DevenChoksey Research

NSDL

Industry Overview

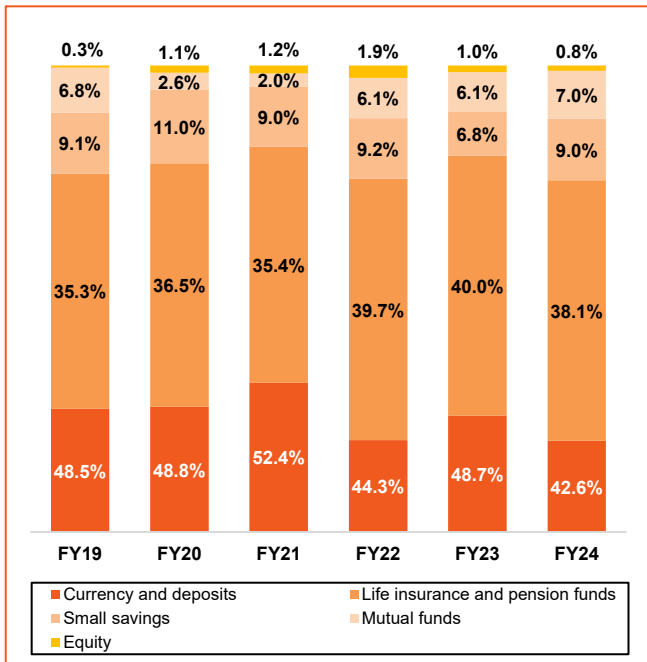
Traditionally Indian's have channeled majority of their savings in asset class including cash (currency), bank deposits, real estate and bullion (majorly into gold). With increase in financial literacy and awareness among investors, India's financialization of savings started in early 2000s.

- In the first phase of financialization i.e., 2000-2010, demand and consumer interest increased for deposits and other financial instruments with introduction of pension funds and mutual funds products like ELSS and SIPs.
- Moreover, in the second phase of financialization i.e., 2010-2020, investor interest grew for mutual funds, shares and NPS with launch of digital app-based zero brokerage investment accounts and higher penetration of SIPs.
- Post Covid-19, India has witnessed an exponential upsurge in direct equity investments, led by improvement in technology and higher digitization, Aadhaar-based KYC onboarding of customers, and lower return on investment on alternate investment options including savings and fixed deposits.

Structural Shift in Investment mix towards Equity

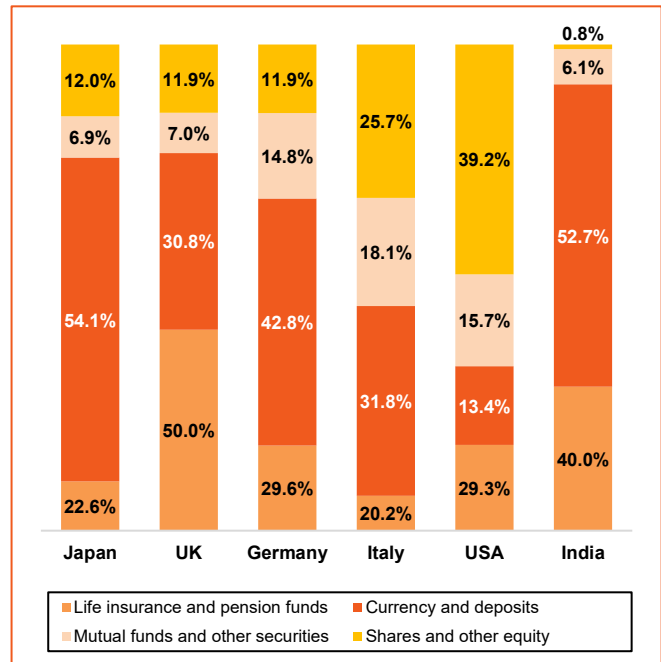
- Within the landscape of financial assets, households have been gradually reallocating their savings from traditional bank deposits to equities, mutual funds, and small savings schemes, majorly led by behavioral change, to earn higher real returns. Investments via SIPs route have continued to attract higher inflows over the past few years, reflecting increasing participation of retail investors in financialization trend of India.
- Over the next five years, CRISIL Intelligence forecasts a steady increase in the proportion of financial assets within the overall net household savings. This anticipated shift is likely a result of the post-pandemic environment, where persistently elevated inflation has encouraged households to seek higher real returns through market-linked instruments.
- Moreover, with increase in financial literacy among young investors, we expect equities and mutual funds to garner a major share of the incremental savings, driving higher market activities across sub segments including depositories, repositories, asset management companies, wealth management companies and family offices.

Share of Equity Investments in India stands too low and is expected to pick up rapidly with increase in financial literacy



Source: IPO Prospectus, DevenChoksey Research

Equity Investments accounts for higher share across other Countries



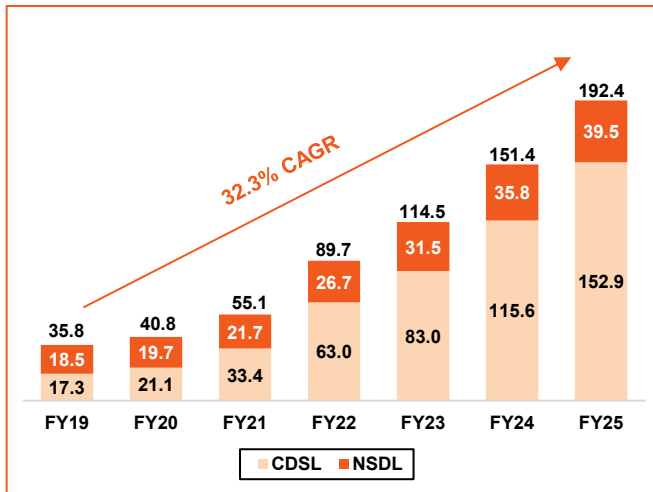
Source: IPO Prospectus, DevenChoksey Research

NSDL

Industry Overview

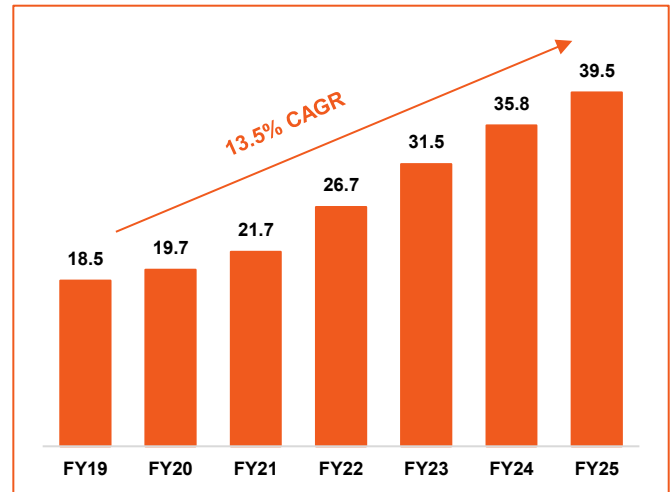
- Led by rising awareness and increasing appetite among retail investors and HNI's to participate in the capital markets to build long-term wealth, the total number of demat accounts in India have witnessed a robust growth of 32.3% CAGR over FY19-25 to reach 192.4 Mn by March 31, 2025. The robust growth was mainly driven by higher increase in demat accounts with CDSL, which majorly caters to retail investors.
- The number of active demat accounts with NSDL grew at 13.5% CAGR from 18.5 Mn, in FY19 to 39.5 Mn, in FY25. CRISIL Intelligence expects robust growth in demat accounts over the next five years, led by increase in participation of retail investors, which remains a key driver of capital market expansion and a significant enabler of the growing demand for equity issuances.
- In FY25, the Indian equity markets reached record highs in both market capitalization of listed companies and benchmark index performance. As of March 31, 2025, India's market capitalization stood at INR 410.9tn, reflecting a CAGR of 30% over the five-year period from FY 2020 to FY 2025.

Number of Active Client Accounts (Mn)



Source: IPO Prospectus, DevenChoksey Research

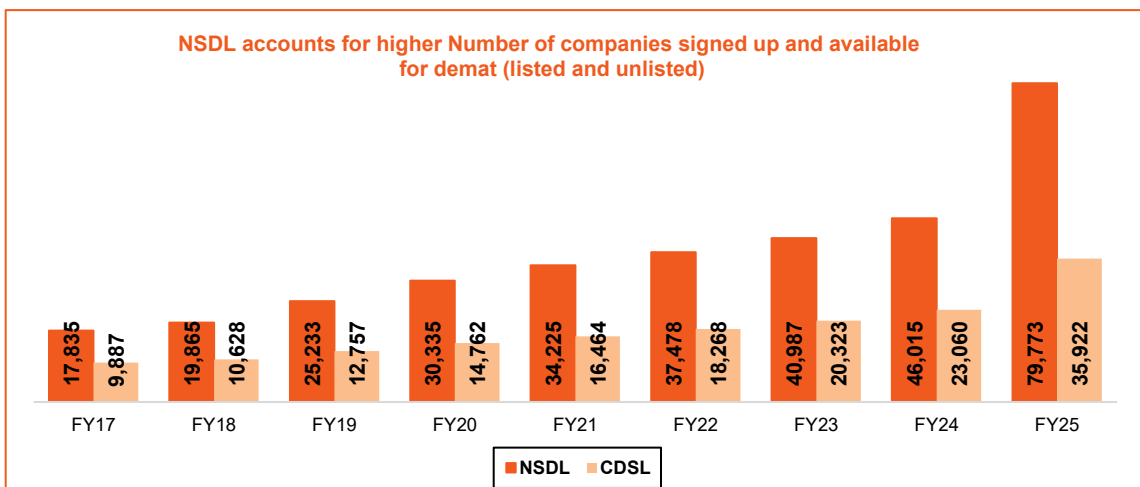
Number of NSDL Active Client Accounts (Mn)



Source: IPO Prospectus, DevenChoksey Research

- India's capital market has emerged as one of the most dynamic and high-growth organized markets globally. The NSE market capitalization has grown at 13.8% CAGR over FY11-25, led by record new issuances and strong capital appreciation. Over the same period, the NIFTY 50 index recorded a growth of 10.5% CAGR, while the BSE Sensex observed a similar growth trajectory. The number of companies traded on the NSE has increased substantially from 856 in FY05 to 3,784 in FY25. Indian equities have continued to deliver strong gains in calendar year 2025, driven by a combination of supportive domestic and global factors that facilitated foreign capital inflows.
- Among the two depositories in India, NSDL holds a higher share compared to CDSL in terms of the number of companies available for dematerialization, as well as the quantity and value of securities held in demat form.

NSDL accounts for higher Number of companies signed up and available for demat (listed and unlisted)

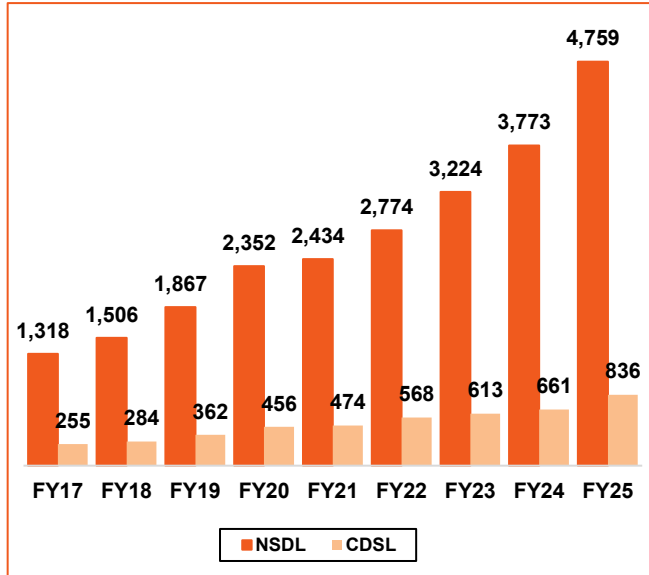


Source: IPO Prospectus, DevenChoksey Research

NSDL

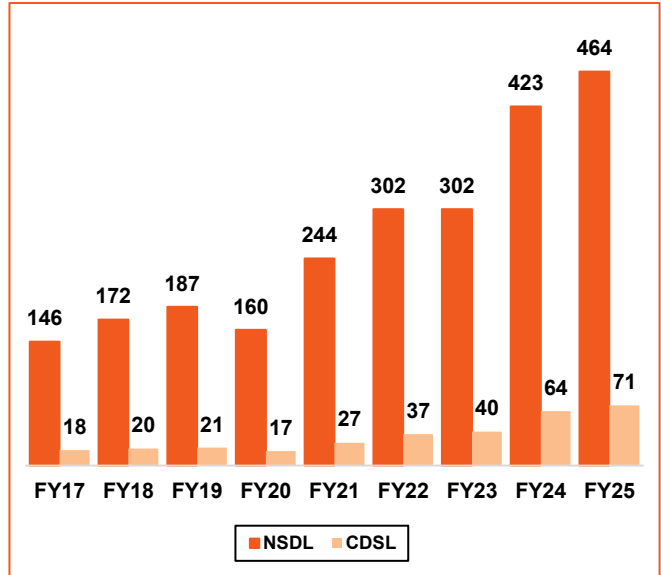
Industry Overview

Quantity of securities held in demat form (INR Bn)



Source: IPO Prospectus, DevenChoksey Research

Value of securities in demat form (INR Tn)

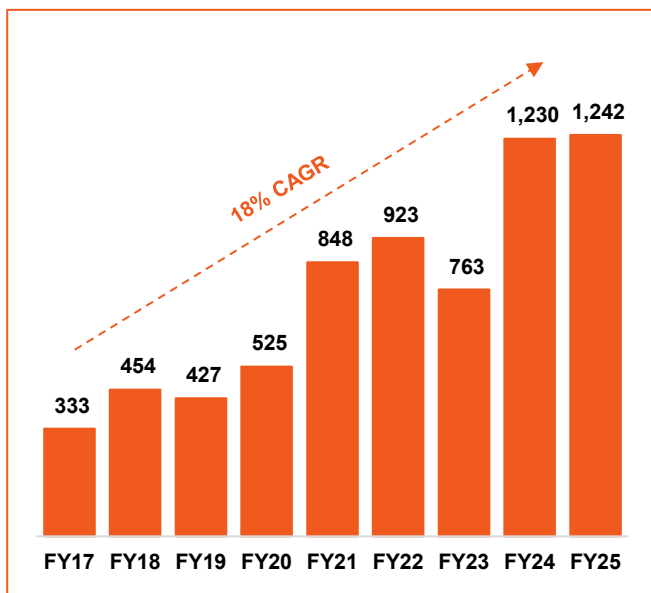


Source: IPO Prospectus, DevenChoksey Research

Surge in Secondary Market Participation Post-Pandemic

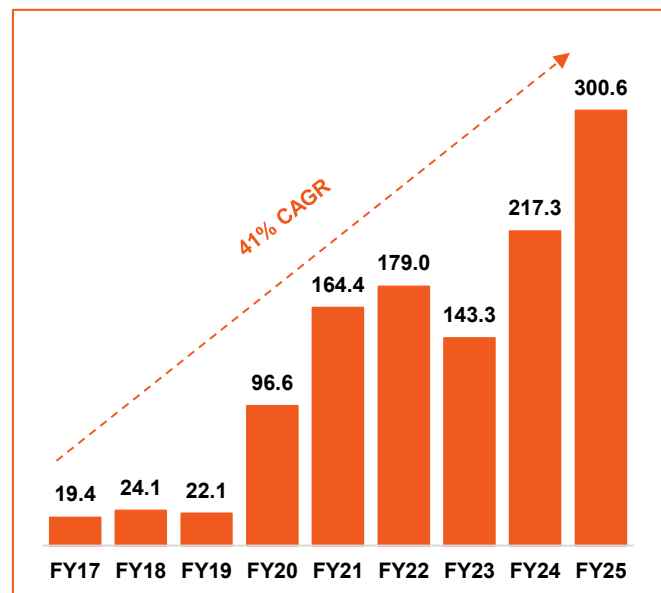
- Following the Covid-19 pandemic, a sharper increase in secondary market participation was observed, with total equity volume traded reached record highs of 923bn in FY22. The surge in volumes and participation continued further to 1,230bn in FY24 and 1,242bn in FY25, driven by higher retail activity, accelerated digital adoption (especially mobile-based investing), improved financial literacy, increased interest in IPOs, and the appeal of equities as a high-return asset class amid a low-interest rate environment.
- Total turnover of the equity cash segment grew at a robust pace of 41.0% CAGR over FY17-25, largely fueled by higher retail involvement driven through higher availability of app-based trading platforms. The total turnover in the equity cash segment grew ~2x from INR 143.3tn in FY23 to INR 300.6tn in FY25, driven by higher retail and institutional volumes, record-high new issuances and sharp increase in promoters trimming their ownerships.

Quantity of equities traded(Bn) in the secondary market reached record high in FY 2025



Source: IPO Prospectus, DevenChoksey Research

Total turnover (INR Tn) of equities in the secondary market saw a sharp increase over the years



Source: IPO Prospectus, DevenChoksey Research

NSDL

Industry Overview

Growth drivers for the Capital Market Industry

- **Favorable Demographics and Increasing Financial Savings:** India is expected to witness increase in financial savings led by stronger growth in nominal GDP per capita and its large young population with median age of ~28 in 2020. Further, gross domestic national savings rate (as % of GDP) stood at 29.2% in FY23, with a growing preference among households to allocate savings to higher-yielding instruments like equities, mutual funds, and small savings over deposits.
- **Rising Demand for Corporate Debt and Equity Issuance:** The Indian capital market is anticipated to play an important role in economic development, as the companies can tap the public equity and debt markets to raise required funds for longer-term at a competitive pricing. Moreover, the total money mobilized through public, and rights issues (equity and debt) has shown steady growth, from ~INR 920bn in FY19 to ~INR 2,181bn in FY2025, while the equity issuances have witnessed a stronger growth of 13.8% CAGR over FY17-25.
- **Digitization and Technological Advancements:** Over the years deployment of technology has progressively reduced the cost of reaching smaller markets, exemplified by the significant rise in fintech adoption and the pivotal role of UPI in financial inclusion. The implementation of shorter settlement cycles, such as T+1 (mandatory since January 2023) and the beta version of T+0 (launched March 2024), has enhanced liquidity, reduced settlement risks, and significantly improved market efficiency. Depositories have consistently invested in technology to offer new and enhanced services, focusing on customer convenience, compliance, and risk management. Further, higher smartphone penetration has led to increased mobile stock trading.
- **Regulatory Initiatives by SEBI and Exchanges:** SEBI have actively developed regulations and has led many initiatives to safeguard investors rights and has strived for higher transparency in the Indian Capital Market. Initiatives include the "Block mechanism" for sale of large quantum of shares, while the development of IFSC GIFT City to attract global capital in Indian companies and position India as a global financial hub.
- **Increasing Participation from HNI and Retail Investors:** Ownership of individual investor in listed Indian companies has grown over the years, indicating growing confidence in equity markets. Although, the retail mutual fund AUM and number of retail demat accounts have grown significantly, the penetration stands low, presenting a substantial growth opportunity for depositories given India's large population. The number of new demat accounts opened in a year has witnessed a notable increase from ~5mn in FY20 to ~41mn in FY25, led by higher retail participation.
- **Emergence of New Age Fin-Tech Brokers:** The rise of new-age fintech or discount brokers, offering low-cost digital business models and minimal brokerage fees, has significantly expanded market share in the depository business from 5% in FY16 to 70% in FY25, propelled by higher financial literacy among the technologically proficient young population.
- **Deepening of Corporate Bond Market:** The Indian corporate bond market has reached to new milestone of INR 53.8tn in FY25, with NSDL holding nearly 97% market share in the demat value of debt securities.

India's Depository Market: Growth Highlights and Outlook for the Future

- The number of demat accounts in India has grown at a robust pace of 21.9% CAGR over FY14-25 to 192.4 Mn by FY25. As of March 31, 2025, NSDL stood as the leading depository in terms of total value of asset held at INR 464tn, with average account value of INR 11.8 Mn, reflecting rising retail and institutional participation.
- Technological advancements such as the shift to T+1 and pilot rollout of T+0 settlements, along with digital platforms like Speed-e and blockchain-based covenant monitoring, have significantly enhanced efficiency, transparency, and investor experience in the depository ecosystem.
- NSDL plays a dominant role in India's capital and bond markets, with holding 97% of debt securities in demat form and supporting a corporate bond market valued at INR 53.8tn. Moreover, during FY25 it helped in mobilizing equity and debt capital of INR 2.2tn.
- Regulatory support from SEBI, coupled with infrastructure developments like GIFT City, digital onboarding of customer through Aadhaar enabled KYC, and investor protection measures, is fostering safer and more accessible capital markets while expanding the role of depositories in international financial services.
- With only 13.4% demat penetration and CRISIL projecting active NSE clients to reach 45–50% of total accounts, the depository market is set for rapid expansion through increased financial literacy, digital-first services, mobile penetration, and regional language outreach strategies.

NSDL

Company Overview:

Introduction:

- National Securities Depository Limited (NSDL), is a SEBI-registered market infrastructure institution, providing depository services to retail and institutional investors. It is one of the two securities depositories in India.
- It pioneered the concept of dematerialization of securities in India in November 1996, revolutionizing the securities landscape. This revolutionized the securities landscape, moving from paper-based transactions to electronic book entries.
- Under a scheme of arrangement, the depository undertaking got demerged from Protean eGov Technologies Limited (previously known as "NSDL e-Governance Infrastructure Limited") and "NSDL Depository Limited" was formed on April 27, 2012, which was later renamed as National Securities Depository Limited.
- The Company's primary role involves providing a robust depository framework that enables market participants to hold and transfer securities in electronic form, facilitating efficient settlement solutions, minimizing risk, and reducing costs. NSDL maintains allotment and transfer of ownership records of securities assets through electronic book entries and facilitates asset servicing, ensuring the safekeeping and servicing of assets held in dematerialized form.
- As of March 31, 2025, it had employed 450 permanent employees and 355 contract employees, whereas its IT team comprised of 150 permanent employees and 249 contract employees, reflecting the business higher dependence on technology to run the day-to-day activities smoothly.

Business of the company:

NSDL operates across three main segments – Depository Services, Banking Services, and Database Management Services.

Segment Revenue Mix (%)	FY25	FY24	FY23
Depository	43.6%	37.3%	40.0%
Banking Services	50.7%	56.7%	52.9%
Database Management	5.8%	6.0%	7.1%
Total Revenue	100.0%	100.0%	100.0%

Segment	Growth FY24 → FY25
Depository	30.8%
Banking Services	0.1%
Database Management	7.4%
Overall Revenue Growth	12.0%

Source: IPO Prospectus, DevenChoksey Research

Depository Services:

NSDL facilitates holding various asset classes in dematerialized form, including listed and unlisted equities, preference shares, share warrants, mutual funds, REITs, INVTs, and various debt instruments and offers comprehensive settlement and custody services.

Custody & Settlement Services:

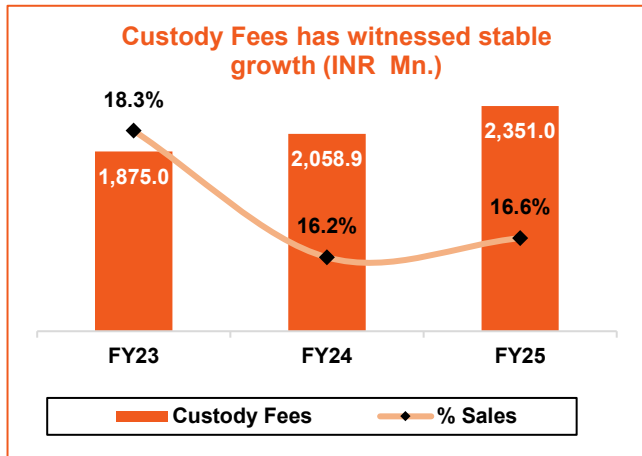
- NSDL operates a centralized digital system for holding securities in electronic form and maintains ownership records on behalf of issuers.
- As of March 31, 2025, it was India's largest depository by asset value, with demat custody worth ~INR 464tn. It facilitates efficient and cost-effective settlement of securities, including on-market trades via clearing members and off-market transfers.
- It implemented the T+1 settlement cycle on February 25, 2022, and held a 66.0% market share in demat settlements by value in FY25.

NSDL

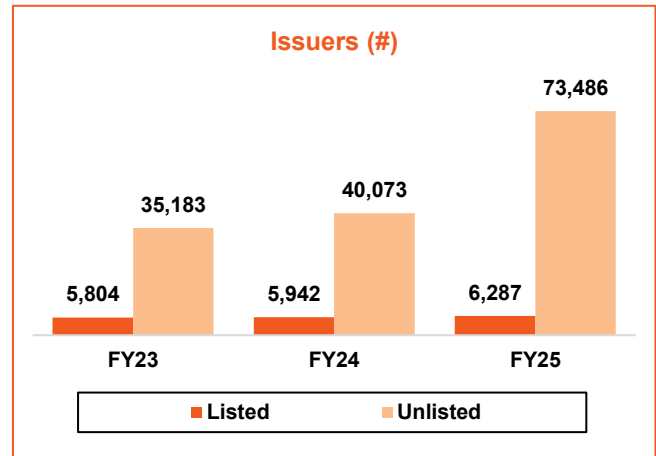
Company Overview:

Custody Fees:

- Custody fees is charged to issuers of securities for admitting their securities to NSDL's platform and offering demat facilities to their shareholders.
- The fee is calculated at INR 11.0 per folio, subject to a minimum amount based on the nominal value of admitted securities. This revenue stream is considered stable and recurring, as it is less dependent on market cycles compared to transaction charges.
- NSDL's custody fee has witnessed steady growth over the past two years, primarily led by increase in overall number of issuers, particularly unlisted ones.
- As of March 31, 2025, NSDL had 79,773 issuers registered for dematerialization, including 73,486 unlisted issuers. The number of companies with securities in demat form grew at a 20.6% CAGR over FY17-25.



Source: IPO Prospectus, DevenChoksey Research



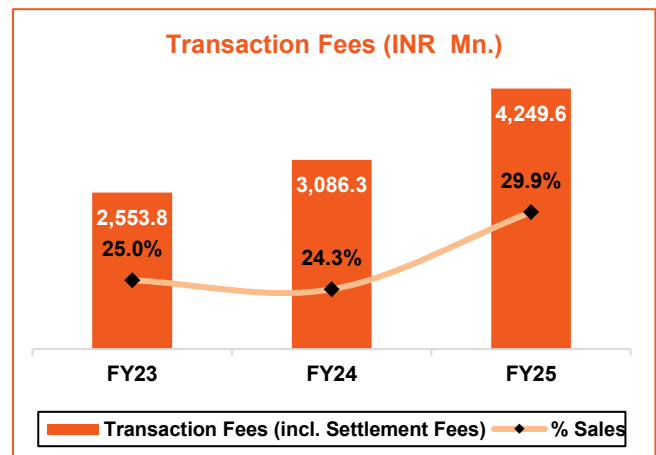
Source: IPO Prospectus, DevenChoksey Research

Transaction Fees:

- NSDL charges corporate clients and depository participants for transactions like securities settlements, corporate actions, e-Voting, CAS, pledge services, KYC, and insurance policy credits.
- Transaction volumes depend on market conditions, macroeconomic factors, competition, and regulations.
- Transaction fees witnessed stronger growth momentum over the past two years, led by higher retail participation and overall higher activity.

Other revenue streams include:

- **Annual Fees:** Includes Demat annual maintenance charges, DMS software fee, FPI monitoring fee, SEZ usage fee, policy credits, and IT professional IDs.
- **Registration Fees:** Received from issuers and RTAs for platform access.
- **Software License Fees:** Received for tools provided to DPs.
- **Communication Fees:** Based on connectivity usage.
- **Other Operating Income:** From RTA updates and DP training.



Source: IPO Prospectus, DevenChoksey Research

Sr. No.	KPIs	FY25	FY24	FY23
1	Total quantity of securities held in demat (# Bn.)	4,758.7	3,773.3	3,224.3
2	Depository Participants (#)	294	281	283
3	DP Service Centres (#)	65,391	61,665	59,401
4	Individual and HUF Demat Accounts (# Mn.)	39.3	35.6	31.3
5	Non-Individuals Demat Accounts (# Mn.)	0.2	0.2	0.2

Source: IPO Prospectus, DevenChoksey Research

NSDL

Company Overview:

NSDL operates its other two business segments through following subsidiaries

1. **NSDL Database Management Limited (NDML)**
2. **NSDL Payments Bank Limited (NPBL)**

Database Management:

The Database Management Services are operated through its subsidiary NSDL Database Management Limited (NDML). NDML is a technology solutions and product services company that focuses on developing a range of IT-enabled solutions.

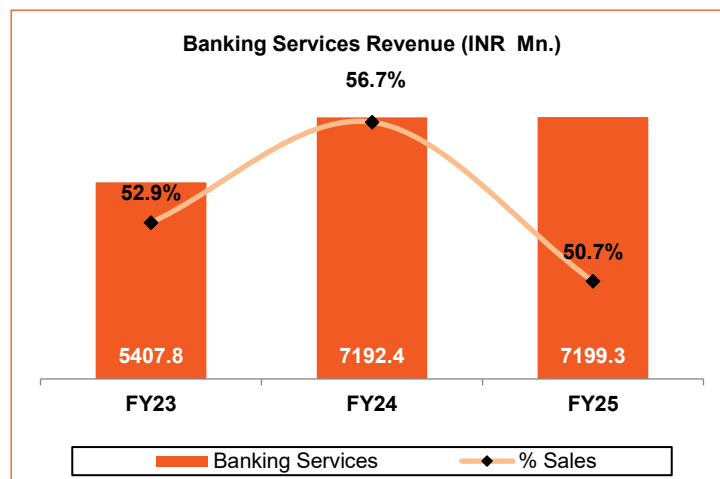
- **e-Governance Solutions:** NDML develops and provides e-governance solutions, including the SEZ Online System for the Ministry of Commerce and Industry, Government of India, which facilitates nationwide processing of transactions for SEZ developers, co-developers, and units.
- **Payment Solutions/Payment Aggregator Business:** NDML has received authorization from the RBI to operate as an online payment aggregator. It operates its payment platforms under the brand names "SurePay" and "PayGov India," primarily assisting government institutions in processing digital payments from citizens for government-to-citizen services.
- **KYC Solutions:** NDML is a KYC Registration Agency (KRA) registered with SEBI for the collection, validation, storage, and dissemination of KYC information for investors in capital markets.
- **Insurance Repository Services:** NDML operates as an insurance repository for the digitization, collation, storage, and management of insurance policies in electronic form through a single e-insurance account.

Payment Banking Services:

The Payment Banking Services are operated through its subsidiary NSDL Payments Bank Limited (NPBL). NPBL was launched in October 2018, with a focus on financial inclusion for underserved and low-income populations in remote areas of India. It operates on a business-to-business-to-consumer (B2B2C) model.

NPBL contributes to financial inclusion by:

- Offering digital banking solutions and inclusive banking products.
- Providing zero-balance savings accounts and other basic banking services.
- Facilitating domestic money transfers, micro-ATMs, and Aadhaar-Enabled Payment System (AePS) in remote areas.
- Operating through an extensive network of customer service points and business correspondents (BCs), including neighborhood shops, local stores, and pharmacies, which are easily accessible to customers.
- Developing its NSDL Jiffy mobile application with a focus on personalization, consumer intuition, and simplicity to deliver a superior user experience.
- Distributing third-party products like life insurance, health insurance, and mutual fund schemes.
- Targeting underserved investor segments in smaller cities and remote areas through digital awareness programs in regional languages.



Source: IPO Prospectus, DevenChoksey Research

NSDL

Company Overview:

NSDL Payments Bank differs from a conventional bank

The key differences arise from the limitations such as:

- **Prohibition in Lending:** Unlike conventional banks, NPBL cannot undertake lending activities or issue credit cards.
- **Deposit Cap:** Payment banks have a deposit limit of INR 0.2mn per individual customer, whereas conventional banks do not have such a restriction on savings accounts.
- **Investment Deployment:** Payment Banks deployment of funds is highly restricted only to government securities and deposits with other scheduled commercial banks, unlike the broader investment and lending activities of conventional banks.
- **Focus:** They are only allowed to undertake activities which are focused on financial inclusion and digital payments, whereas conventional banks offer a full spectrum of financial services to all customer segments.

Metric	FY23	FY24	FY25
Operating Revenue (INR Mn.)	5,407.8	7,192.4	7,199.3
Operating Profit (INR Mn.)	84.1	22.5	36.6
OPM	1.6%	0.3%	0.5%
Net Profit (INR Mn.)	80.6	15.8	18.5
PAT Margin	1.5%	0.2%	0.3%
ROE	5.6%	1.1%	1.3%
Net Worth (INR Mn.)	1,437.4	1,457.7	1,476.8
Customer Deposits (INR Bn.)	0.22	0.59	1.79
CRAR	–	–	142.5%

Source: IPO Prospectus, DevenChoksey Research

Aadhaar Enabled Payment System (AePS)

- AePS is a **bank-led model that utilizes Aadhaar authentication to facilitate interoperable transactions at POS terminals**. NPBL provides AePS services to **offline banking customers** for transactions like cash withdrawals.
- These services are delivered through NPBL's network of over **50 business correspondents**. There are applicable transaction limits, with a maximum of **INR 10,000 per transaction and INR 50,000 per month**.

Micro ATMs

- Micro-ATMs are deployed by NPBL as part of its initiative to establish an **extended network of banking and remittance facilities**, especially in remote areas, in line with the Government of India's vision of financial inclusion.
- These devices, operated through NPBL's **4,382 customer service points** across India, enable essential banking services like **cash withdrawal and balance enquiry** through its banking correspondents.

NSDL Payments Bank's Business Correspondent (BC) agent network

- NSDL Payments Bank operates its services through a network of **more than 50 corporate business correspondents**.
- These BCs allow for a quick rollout of digital banking services across the country and facilitate services like domestic money transfers, AePS, and micro-ATMs.
- The BC channels are crucial for scaling up account opening and cross-selling other banking products.

Metric	Value
Active Accounts	2.4 Mn.
Accounts Opened (FY25)	1.6 Mn.
Jiffy App Users	1.1 Mn.
Micro-ATMs Deployed	307,200+
Micro-ATM Transaction Value (INR Bn)	130.2
AePS Cash Withdrawals (INR Bn.)	166.2
AePS Rank (as of Jan'25)	2 nd in India
UPI Remitter Rank	42 nd
UPI Beneficiary Rank	35 th
CMS Transaction Value (INR Bn.)	283.9
Customer Service Points (CSPs)	4,382
Prepaid Card Txn Value (INR Bn.)	89.5
Debit Cards Outstanding	0.7 Mn.
Debit Card Txn Value (INR Bn.)	10.7
Debit Card Txn Volume (# Mn.)	5.1
Branches (as of March 31, 2025)	2

Source: IPO Prospectus, DevenChoksey Research

NSDL

Company Overview:

Fees structure – NSDL vs CDSL

1) Key Fees Payable by Depository Participants (DPs):

Service	NSDL Fee	CDSL Fee
Entry Fee (Application Submission)	INR 25,000	INR 20,000
Settlement Fee (CM Account)	INR 1.0 per instruction (INR 1,500–INR 5,000/quarter)	INR 500 per month
Inter-settlement Transfers (CM Account)	INR 5.0 per debit instruction	INR 500 per corporate account/year
Transfer to Another CM Account	INR 5.0 per debit instruction	INR 500 per corporate account/year
Debit Transaction Fee	INR 4.0 per transaction	INR 3.5 per transaction
Pledge Creation	INR 25.0 per instruction	INR 12.0 per instruction
Pledge Closure	INR 0	INR 12.0 per instruction
Annual Maintenance – Corporate Accounts	INR 500 per corporate account/year	INR 500 per corporate account/year
Minimum Fee to Participants	INR 8,000 per month	INR 8,000 per month
CAS (E-CAS / Physical)	INR 0.75 / INR 8.0 per transacted BO	INR 0.5 / INR 6.0 per transacted BO

2) Key Fees Payable by Issuers

Service	NSDL Fee	CDSL Fee
Joining Fee (Listed Companies)	INR 20,000	INR 20,000
Joining Fee (Unlisted Companies)	INR 15,000	INR 15,000
Corporate Action Distribution (Non-Cash)	INR 10.0 per record (min INR 1,000)	INR 10.0 per record (min INR 1,000)
Commercial Paper & Debt Issue	INR 10,000 for 5 instruments (+INR 10,000 for next 5)	INR 10,000/year (CPs); INR 1,000 per CD allotment or INR 25,000/year
Monitoring Foreign Investment (Nifty/BSE 500)	INR 25,000 per annum	INR 25,000 per annum
Monitoring Foreign Investment (Others)	INR 10,000 per annum	INR 10,000 per annum

Issuers are required to pay an annual custodial fee at a rate of **INR 11.0 per folio** based on the average number of folios (International Securities Identification Number, or ISIN) during the previous financial year, or a specified minimum amount, whichever is applicable.

The minimum annual custodial fee payable by an issuer to each depository, based on the nominal value of securities admitted, is as follows:

Nominal Value of Securities Admitted	Annual Custodial Fee
Up to INR 25 Mn. (Unlisted)	INR 5,000
Up to INR 50 Mn.	INR 9,000
Above INR 50 Mn. – INR 100 Mn.	INR 22,500
Above INR 100 Mn. – INR 200 Mn.	INR 45,000
Above INR 200 Mn.	INR 75,000

Source: IPO Prospectus, DevenChoksey Research

NSDL

Strategies:

- **Leveraging Strengths to Drive Growth and Market Penetration**

NSDL plans to scale by expanding its depository participant network, targeting underserved regions, onboarding fintech and discount brokers, and promoting dematerialization of mutual funds and alternative assets. Strategic initiatives like youth-focused plans, issuer engagement, and block chain integration support its market expansion efforts.

- **Strengthening IT Infrastructure for Efficiency and Resilience**

NSDL prioritizes continuous investment in IT infrastructure to ensure operational resilience, scalability, and uninterrupted service delivery. Key focus areas include strengthening cybersecurity, enhancing system performance, enabling DIY digital journeys, and modernizing platforms to support higher transaction volumes and seamless client servicing.

- **Diversifying Offerings and Strengthening Database Management Capabilities**

KYC Registration Agency: Includes focus on improving turnaround times and expanding market share by leveraging the depository participant network and partnerships with brokers.

Insurance Repository: To capitalize on mandatory dematerialization of insurance policies to drive market leadership and improve cost efficiency.

Payment Aggregator: Building on RBI authorization to expand merchant services with integrated, customizable solutions.

Registrar & Transfer Agent: Strengthening services for equity, debt, AIFs, and unlisted issuers, supported by a newly developed IPO application platform.

National Skills Registry: Advancing digital onboarding and verification solutions for the IT/ITeS sector in partnership with NASSCOM.

- **Expanding Market Share of Payments Bank through Strategic Partnerships and Digital Solutions**

NSDL Payments Bank is growing its footprint via financial inclusion efforts, the NSDL Jiffy app, prepaid and co-branded cards, merchant payment solutions, and cash management services. It also distributes third-party products through 4,382 service points and partnerships with 28 AMCs and 13 insurers.

Risks:

- **Impact of Changing Investor Preferences on Business Performance**

While NSDL has diversified through subsidiaries NDML and NPBL, its performance remains sensitive to market activity. Any major shift in investor preference away from securities to alternative avenues may reduce demand for its core services, impacting overall business and financial outcomes.

- **Reliance on Market Activity and Need for Innovation to Sustain Growth and Mitigate Business Risk**

NSDL derives majority of its revenue from transaction-based services, which are highly sensitive to trading volumes influenced by external factors like investor sentiment, economic conditions, and regulatory changes. While the company has invested in technology-driven innovations, failure to scale new products or adapt to market shifts may impact growth, revenue stability, and overall business performance.

- **Technology Disruptions and Regulatory Non-Compliance May Adversely Impact Operations and Reputation**

NSDL operates under stringent SEBI regulations, with oversight on governance, appointments, and compliance. The company heavily relies on complex IT systems, subject to cybersecurity risks and technical glitches. Non-compliance or system failures may lead to regulatory action, financial disincentives, and reputational impact.

- **Competitive Pressure and Dependency on Depository Participant Network**

NSDL's business relies on its depository participant network, which drives service delivery and revenue. With rising competition, failure in expansion of the network may reduce market share and adversely impact growth.

- **Inability to Obtain or Renew Regulatory Approvals May Adversely Impact Operations**

NSDL's business depends on timely approvals and compliance with evolving regulations from SEBI, RBI, IRDAI, and others. Failure to obtain, renew, or comply with required licenses may disrupt operations, delay offerings, and adversely affect financial performance.

NSDL

SWOT Analysis



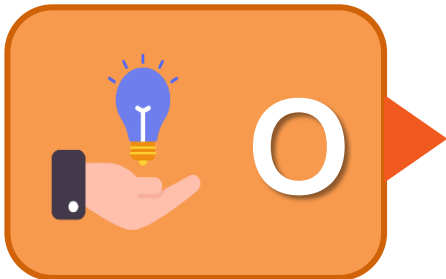
Strengths:

- **Market Leadership:** Holds over 90% of total value of dematerialized securities in India, making it the most trusted depository institution.
- **Established Infrastructure:** Operates through a vast DP network of over 2,900+ service centers across India, supporting seamless investor access.
- **Strong Regulatory Compliance:** Long-standing alignment with SEBI's evolving regulations and consistent adherence to risk control frameworks.
- **Revenue Diversification:** Offers services beyond depository operations including database management service (via NDML) and payment services (via NSDL Payments Bank).



Weaknesses:

- **High Reliance on Capital Market Activity:** Revenue is heavily dependent on demat account transactions, IPO flows, and trading activity.
- **Retail Account Share Lagging:** Although strong in value, NSDL lags CDSL in total number of active demat accounts, especially among retail clients.
- **Concentrated Revenue Streams:** Majority of income comes from a few high-volume services, making it vulnerable to pricing pressure or regulatory caps.
- **Limited Global Footprint:** Unlike some global custodians, NSDL's operations are confined to India, offering no geographic diversification.



Opportunities:

- **Rising Retail Participation:** Growth in SIPs, mutual funds, and AIFs can boost demat activity and NSDL-linked servicing income.
- **Digital Transformation:** Initiatives like e-KYC, e-Sign, and e-Voting platforms can scale operations across sectors like fintech, government, and corporates.
- **Cross-Product Integration:** Potential to bundle depository services with banking, data analytics, and API infrastructure through its subsidiaries (NDML, NPBL).
- **Support for Government Schemes:** NSDL can play a key backend role in public initiatives, creating new B2G revenue streams.



Threats:

- **Increasing Competition from CDSL:** CDSL's integration with discount brokers has helped it scale faster and achieve higher growth traction in the retail segment.
- **Technological and Cybersecurity Risks:** Any system failure or data breach can severely damage trust and may invite regulatory penalties.
- **Regulatory Changes:** Any revision in SEBI's fee guidelines or scope of depository responsibilities may impact revenue or require heavy tech upgrades.
- **Price Sensitivity and Consolidation:** Market intermediaries may seek lower transaction costs or migrate if NSDL's pricing is uncompetitive vs peers.

NSDL

Peer Comparison

Peers	Depositories		Market Infrastructure Institutions	
	NSDL	CDSL	CAMS Ltd.	Kfin Technologies
Market cap (INR Bn.)	160	337	200	200
Enterprise Value (INR Bn.)	156	309	185	200
Sales (INR Mn.)	14,201	11,920	14,225	11,285
YoY Sales Growth (%)	12.0%	32.3%	25.2%	31.1%
EBITDA (INR Mn.)	3,755	7,454	6,608	5,120
EBITDA Margin (%)	26.4%	62.5%	46.5%	45.4%
Net profit (INR Mn.)	3,431	5,266	4,702	3,326
Profit Margin (%)	24.2%	44.2%	33.1%	29.5%
FY25 Net Worth (INR Mn.)	20,053	17,603	11,186	14,078
ROAE (%) – FY25	17.1%	32.7%	46.3%	26.1%
ROAIC (%) – FY25	14.2%	32.6%	43.5%	25.4%
P/E – FY25	46.6x	64.1x	42.4x	60.3x
P/S – FY25	11.3x	28.3x	14.0x	17.8x
EV/EBITDA – FY25	41.6x	41.4x	28.1x	39.0x
EV/Sales – FY25	11.0x	25.9x	13.0x	17.7x
Net Debt / EBITDA – FY25	-1.0x	-1.3x	-1.1x	-1.1x
Net Debt / Equity – FY25	-0.2x	-0.6x	-0.7x	-0.4x

Source: Factset, IPO Prospectus, DevenChoksey Research

NSDL

Outlook:

NSDL, the pioneering depository company in India, has been at the forefront of financial innovation since it began operations in 1996, with the **groundbreaking introduction of dematerialization of securities**. Established in Apr'12 through the strategic demerger from NSDL e-Governance Infrastructure Limited, NSDL is **committed to diversification and sustainable growth** across three dynamic business segments: depository services, data management services, and payments banking.

The landscape of **demat accounts in India has thrived at a stronger pace of 32.3% CAGR over FY19-25 to reach 192.4 Mn**. The surge was propelled **by robust retail participation and higher market activity** led by institutional investor. Meanwhile the number of active **demat accounts with NSDL grew at 13.5% CAGR over FY19-25 to reach 39.5 Mn**. Notably, despite a lower number of active accounts, NSDL commands **an impressive 66% market share in settlement value**, with total **assets in its custody amounting to INR 464tn**.

Its revenue and net profit grew **consistently at 17.9% and 20.9% CAGR over FY23-25**, led by continuous increase in number of **active demat accounts** and higher trading activity across its account, along with **diversification into other ancillary investor services**. Its EBITDA margin remained in **the range of 22-26% over FY22-25**, aided by **stronger profitability in its depository business**.

We **find value in the NSDL's initial issue**, which is priced at **46.6x TTM P/E**, compared to listed **peer valuation of 64.1x TTM P/E**. Although its revenue and net profit growth underperformed its listed peer and other listed market infrastructure participants companies, we **believe the Company will perform better over the upcoming 3-5 years**, driven by its higher focus on driving growth in retail demat accounts, through expanding relations with discount and new-age depository participants across underserved regions. Moreover, with premium pricing compared to CDSL (in terms of transaction charges and pledge charges) and with higher scale, the Company can improve its depository EBITDA margins significantly (currently at ~60%).

We assign a **"SUBSCRIBE"** rating to its initial issue.

Relative Valuation

Company Name	CMP (INR)	Market Cap (INR Bn)	Revenue CAGR	EBITDA CAGR	PAT CAGR	EBITDA Margin (%)	EV/EBITDA		P/E		ROE	ROIC
			FY23-25	FY23-25	FY23-25	FY25	FY25	TTM	FY25	TTM	FY25	FY25
NSDL	800	160	17.9%	21.2%	20.9%	26.4%	41.6x	41.6x	46.6x	46.6x	17.1%	14.2%
Listed Depository												
CDSL	1,523	337	39.4%	38.5%	38.1%	62.5%	33.0x	41.4x	48.4x	64.1x	32.7%	32.6%
Other Listed Market Infrastructure Participants												
Kfin Technologies	1,151	200	23.8%	27.2%	30.4%	45.4%	33.7x	37.9x	53.2x	60.3x	26.1%	25.4%
CAMS	3,895	200	21.0%	24.3%	28.4%	46.5%	26.7x	28.1x	39.0x	42.4x	46.3%	43.5%
Mean			22.4%	25.8%	29.4%	45.9%	30.2x	33.0x	46.1x	51.4x	36.2%	34.5%
Median			22.4%	25.8%	29.4%	45.9%	30.2x	33.0x	46.1x	51.4x	36.2%	34.5%

Source: Factset, IPO Prospectus, DevenChoksey Research and Analysis

NSDL

Financials:

Income Statement (INR Mn)	FY23	FY24	FY25
Revenue	10,220	12,682	14,201
Operating Expenditure	7,664	9,832	10,446
EBITDA	2,556	2,850	3,755
EBITDA Margin %	25%	22%	26%
Other Income	778	975	1,150
Depreciation	217	241	354
Interest	19	21	41
Share of profit/loss from associates	-48	-14	24
PBT	3,050	3,550	4,534
Tax	702	795	1,103
PAT	2,348	2,754	3,431
PAT Margin (%)	23%	22%	24%
EPS	11.74	13.77	17.16

Cash Flow (INR Mn)	FY23	FY24	FY25
Net Cash Flow from Operating Activities	5,079	1,129	5,578
Net Cash Flow from Investing Activities	-4,417	-1,776	-5,023
Net Cash Flow from Financing Activities	-200	-200	-164
Net Increase/(Decrease) in Cash	462	-847	391
Cash & Cash Equivalents at the Beginning	1,445	1,907	1,060
Cash & Cash Equivalents at the End	1,907	1,060	1,452

Balance sheet (INR Mn)	FY23	FY24	FY25
ASSETS			
Non-Current Assets			
Property, plant and equipment	338	2,548	2,673
Capital work-in-progress	2	4	148
Intangible assets	237	348	532
Right of use of assets	157	117	78
Non-current investments	11,190	12,202	13,124
Other non-current assets	656	1,051	791
Current Assets			
Current investments	3,327	2,733	6,832
Trade receivables	856	831	1,299
Cash and cash equivalents	1,907	1,060	1,452
Bank balances	1,963	1,345	2,291
Other financial assets	71	55	101
Other current assets	231	281	528
Total Assets	20,935	22,577	29,848
EQUITY AND LIABILITIES			
Equity share capital	400	400	400
Other equity	13,889	16,441	19,653
Total Equity	14,289	16,841	20,053
Non-Current Liabilities			
Lease liability	135	101	54
Other financial liabilities	49	51	55
Other non-current liabilities	65	68	61
Current Liabilities			
Trade payables	612	696	892
Lease liability	33	35	48
Other financial liabilities	4,702	3,596	7,059
Other current liabilities	1,050	1,188	1,627
Total Equity and Liabilities	20,935	22,577	29,848

Source: IPO Prospectus, DevenChoksey Research

NSDL**ANALYST CERTIFICATION:**

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DRChoksey FinServ Private Limited

CIN Number -U67100MH2020PTC352816

Registered Office and Corporate Office:

5th Floor Abhishek Building, Behind Monginis Cake Factory, Off New Link Road, Andheri West, Mumbai-400058