



## IPO Note

29th July, 2025

## Company Overview

National Securities Depository Limited (NSDL) is a SEBI-registered market infrastructure institution ("MI") offering a wide range of products and services to the financial and securities markets in India. Following the introduction of the Depositories Act in 1996, through the company, NSDL pioneered the dematerialisation of securities in India in November 1996. As a depository, NSDL provides a robust depository framework that enables market participants to participate in the financial and securities markets in India. NSDL also plays a central role in developing products and services that will continue to address the growing needs of the financial services industry in India. NSDL derives its revenue from several sources, including transaction fees charged to depository participants and issuers of securities, custody fees charged to issuers, and annual fees charged to both depository participants and issuers. The company's core depository services provide a steady source of recurring revenue, primarily through annual custody fees and annual maintenance fees. NSDL holds a strong position in the depository market due to the large variety of asset classes held in demat accounts. NSDL also plays a central role in developing products and services that continue to address the growing needs of the financial services industry in India. Using innovative and flexible technology systems, NSDL supports investors, brokers, issuers, and other market participants in the Indian capital markets, aiming to ensure the safety and soundness of the Indian securities market by developing settlement solutions that increase efficiency, minimise risk, and reduce costs. As of March 31, 2025, the company had a robust base of over 39.45 million active demat accounts, serviced through a network of 294 registered depository participants. Its account holders are geographically well-distributed, spanning more than 99.3% of India's pin codes and 194 countries globally, demonstrating a broad and inclusive reach.

## Objects of the issue

The company will not receive any proceeds from the offer, and all such proceeds (net of any offer-related expenses to be borne by the selling shareholders) will go to the selling shareholders.

## Investment Rationale

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

NSDL stands as India's first and leading depository, commanding a dominant position across several key metrics, including the number of issuers, active instruments, demat settlement volume, and total assets held under custody as of March 31, 2025. It was the pioneer in introducing dematerialisation of securities in India, transforming the domestic capital market ecosystem. Notably, it was among the few global players to directly implement dematerialisation, skipping the conventional two-step process of immobilisation followed by dematerialisation. NSDL's contribution has been critical to the evolution of trade settlement in India, from transitioning away from weekly account-based settlements to introducing rolling settlements. The company's technology-led scripless system enabled the implementation of faster settlement cycles, culminating in the rollout of T+1 settlement by SEBI in January 2023 and a phased implementation of T+0 settlement for the top 500 market-cap scrips in 2025. This positions India among the most efficient capital markets globally. Additionally, the company has actively enabled other market innovations such as UPI blocks for secondary markets and direct pay-out mechanisms, aligned with SEBI's regulatory framework. The company's leadership is further evidenced by its expansive operational reach, hosting over 79,773 registered issuers and a nationwide network of 294 depository participants operating through 65,391 service centres. As of March 31, 2025, it serviced over 39.45 million active demat accounts, with coverage across 99.3% of Indian pin codes and 194 countries. The company surpassed key custody milestones, with assets under custody reaching Rs. 500 trillion as of September 2024, a testament to its scalability and growing systemic significance within India's financial infrastructure.

## Issue Details

|                                  |                                     |
|----------------------------------|-------------------------------------|
| Offer Period                     | 30th July, 2025 - 01st August, 2025 |
| Price Band                       | Rs. 760 to Rs. 800                  |
| Bid Lot                          | 18                                  |
| Listing                          | BSE                                 |
| Issue Size (no. of shares in mn) | 50.14                               |
| Issue Size (Rs. in bn)           | 40.11                               |
| Face Value (Rs.)                 | 2                                   |

## Issue Structure

|        |     |
|--------|-----|
| QIB    | 50% |
| NII    | 15% |
| Retail | 35% |

BRLM  
 ICICI Securities Ltd.,  
 Axis Capital Ltd.,  
 HSBC Securities and  
 Capital Markets  
 (India) Private Ltd.,  
 IDBI Capital Markets  
 & Securities Ltd.,  
 Motilal Oswal Invest-  
 ment Advisors Ltd.,  
 SBI Capital Markets  
 Ltd.

Registrar  
 MUFG Intime India  
 Pvt. Ltd.

| Particulars               | Pre Issue %    | Post Issue %   |
|---------------------------|----------------|----------------|
| Promoter & Promoter Group | 0.00           | 0.00           |
| Public                    | 100.00         | 100.00         |
| <b>Total</b>              | <b>100.00%</b> | <b>100.00%</b> |

(Assuming issue subscribed at higher band)

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## Stable revenue base with a significant proportion of recurring revenue

The company demonstrates a structurally resilient business model, underpinned by a high share of recurring revenues, which ensures stable income across market cycles. Revenue from annual custody and annual participant fees forms a core component of this stability. These revenue streams, being contractual and periodic in nature, are less sensitive to short-term market volatility when compared to transactional income. For FY25, recurring revenue from the core depository business was Rs. 2,612.7 million, while the total recurring revenue, including related services transferred over time, stood at Rs. 2,795.1 million. Similar figures for total recurring revenue for FY24 and FY23 were Rs. 2,417.9 million and Rs. 2,250.3 million, respectively, reflecting consistent annual growth. A substantial portion of recurring revenue, 86.9% in FY25 (88.2% in FY24, and 86.5% in FY23), was contributed by annual custody fees charged to issuers and annual participation fees levied on depository participants. In addition to these core revenues, the company also generates stable income from a variety of ancillary services. These include annual charges for monitoring the foreign investment limit, fees from brokers under the IDeAS service, licensing income from DPs using the DPM platform, and fees from mutual funds, SEZs, insurance companies, and digital platforms such as Cloud DPM and NSR. In FY25, revenue from these services accounted for 13.1% of total recurring income, indicating a healthy diversification beyond the primary depository business. The average standalone operational revenue per investor account for FY25 stood at Rs. 156.8, which is significantly above peer benchmarks, highlighting higher monetisation and engagement per user. Overall, the revenue composition reflects both scale and quality, underlining the depository's pivotal role in India's capital market infrastructure.

## Valuation

National Securities Depository Limited maintains a dominant position in India's depository ecosystem, particularly in terms of the diversity and scale of asset classes held within demat accounts. The number of companies holding their securities in demat form has increased from 17,835 in FY17 to 79,773 in FY25, representing a 20.6% CAGR growth rate for NSDL, compared to 9,887 to 35,922 from FY17 to FY25, growing at a 17.5% CAGR for CDSL. NSDL holds a higher share compared to CDSL among the two depositories in terms of the number of companies available for demat, the quantity, and value of securities held in demat form. NSDL maintains its focus on unlocking growth opportunities and deepening market reach by utilising its core competencies. The company plans to strengthen and modernise its IT infrastructure to improve operational efficiency, elevate service standards, and bolster resilience. Additionally, it aims to broaden its range of services, enhance its database management capabilities, and expand the market share of its payments bank division. On the financial front, the company has exhibited consistent growth. Between FY23 and FY25, revenue from operations rose from Rs. 10,219.8 million to Rs. 14,201.4 million. During the same period, profit after tax expanded from Rs. 2,348.1 million to Rs. 3,431.2 million, while EBITDA grew at a CAGR of 22.4%, increasing from Rs. 3,286.1 million to Rs. 4,929.4 million, demonstrating strong operational efficiency and profitability. **The IPO is priced at a P/E of 46.6x on FY25 earnings at the upper end of the price band, which appears reasonable when compared to CDSL, currently trading at a P/E of 64.8x. We recommend a 'SUBSCRIBE' rating for the issue, supported by the company's strong credit underwriting practices and prudent risk management framework.**

## Key Risks

- ⇒ A significant portion of the company's business is transaction-based, particularly reliant on delivery-based trades and is therefore inherently dependent on trading activity in the Indian securities market. This activity is influenced by several external factors beyond the company's control, including investor sentiment, macroeconomic conditions, regulatory changes, global economic developments, and geopolitical events. Any adverse changes in these factors can lead to a decline in trading volumes, which in turn may negatively impact transaction revenues, cash flows, and overall financial performance.
- ⇒ The company's operations are heavily dependent on complex information technology systems and networks to facilitate its services and manage critical functions. Any significant disruption, whether due to technical glitches, cyberattacks, system failures, or security breaches, could severely impact service continuity, compromise data integrity, and disrupt business operations.
- ⇒ A material change in investors allocation patterns, such as a move away from securities investing and trading toward alternative asset classes or platforms, could diminish demand for the company's depository and ancillary services. Such a shift may negatively impact transaction volumes, fee income, and overall revenue, thereby adversely affecting the company's business performance, financial condition, and results of operations.

# NATIONAL SECURITIES DEPOSITORY LIMITED

## Income Statement (Rs. in millions)

| Particulars                                     | FY23          | FY24          | FY25          |
|---|---------------|---------------|---------------|
| <b>Revenue</b>                                  |               |               |               |
| Revenue from operations                         | 10,220        | 12,682        | 14,201        |
| <b>Total revenue</b>                            | <b>10,220</b> | <b>12,682</b> | <b>14,201</b> |
| <b>Expenses</b>                                 |               |               |               |
| Contribution to investor protection fund        | 99            | 115           | 154           |
| Employee benefit expenses                       | 1,098         | 1,232         | 1,385         |
| Other expenses                                  | 6,467         | 8,485         | 8,907         |
| <b>Total operating expenses</b>                 | <b>7,664</b>  | <b>9,832</b>  | <b>10,446</b> |
| <b>EBITDA</b>                                   | <b>2,556</b>  | <b>2,850</b>  | <b>3,755</b>  |
| Depreciation & amortization                     | 217           | 241           | 354           |
| <b>EBIT</b>                                     | <b>2,339</b>  | <b>2,609</b>  | <b>3,401</b>  |
| Finance costs                                   | 19            | 21            | 41            |
| Other Income                                    | 778           | 975           | 1,150         |
| <b>Profit / (Loss) before exceptional items</b> | <b>3,099</b>  | <b>3,563</b>  | <b>4,510</b>  |
| Share of Profit/(loss) of Associate             | -48           | -14           | 24            |
| <b>Profit / (Loss) before tax</b>               | <b>3,050</b>  | <b>3,550</b>  | <b>4,534</b>  |
| Total tax (Current + Deferred)                  | 702           | 795           | 1,103         |
| <b>Net Profit</b>                               | <b>2,348</b>  | <b>2,755</b>  | <b>3,431</b>  |
| <b>Diluted EPS</b>                              | <b>11.7</b>   | <b>13.7</b>   | <b>17.1</b>   |

Source: RHP, BP Equities Research

## Cash Flow Statement (Rs. in millions)

| Particulars   | FY23         | FY24         | FY25         |
|---|--------------|--------------|--------------|
| Cash Flow from operating activities                             | 5,079        | 1,129        | 5,578        |
| Cash flow from/(used in) investing activities                   | -4,417       | -1,776       | -5,023       |
| Net cash flows (used in) / from financing activities            | -200         | -200         | -164         |
| <b>Net increase/(decrease) in cash and cash equivalents</b>     | <b>462</b>   | <b>-847</b>  | <b>391</b>   |
| <b>Cash and cash equivalents at the beginning of the period</b> | <b>1,445</b> | <b>1,907</b> | <b>1,060</b> |
| <b>Cash and cash equivalents at the end of the period</b>       | <b>1,907</b> | <b>1,060</b> | <b>1,452</b> |

Source: RHP, BP Equities Research

# NATIONAL SECURITIES DEPOSITORY LIMITED

## Balance Sheet (Rs. in millions)

| Particulars                              | FY23          | FY24          | FY25          |
|--|---------------|---------------|---------------|
| <b>Assets</b>                            |               |               |               |
| <b>Non-Current Assets</b>                |               |               |               |
| Property, plant and equipment            | 338           | 2,548         | 2,673         |
| Capital work in progress                 | 2             | 4             | 148           |
| Intangible assets                        | 188           | 223           | 465           |
| Intangible assets under development      | 49            | 125           | 67            |
| Right of use assets                      | 157           | 117           | 78            |
| <b>Financial Assets</b>                  |               |               |               |
| (i) Investments                          | 11,190        | 12,202        | 13,124        |
| (ii) Other financial assets              | 390           | 869           | 632           |
| Deferred tax assets (Net)                | 83            | 92            | 41            |
| Income tax assets (net)                  | 71            | 74            | 97            |
| Other Non-current assets                 | 112           | 18            | 22            |
| <b>Current Assets</b>                    |               |               |               |
| <b>Financial Assets</b>                  |               |               |               |
| (i) Investments                          | 3,327         | 2,733         | 6,832         |
| (ii) Trade Receivables                   | 856           | 831           | 1,299         |
| (iii) Cash and cash equivalents          | 1,907         | 1,060         | 1,452         |
| (iv) Bank balances other than (ii) above | 1,963         | 1,345         | 2,291         |
| (vi) Other financial assets              | 71            | 55            | 101           |
| Other current assets                     | 231           | 281           | 528           |
| <b>Total Assets</b>                      | <b>20,935</b> | <b>22,577</b> | <b>29,849</b> |
| <b>Equity and Liabilities</b>            |               |               |               |
| Equity Share Capital                     | 400           | 400           | 400           |
| Other Equity                             | 13,889        | 16,441        | 19,653        |
| Non-controlling interests                | 0             | 0             | 0             |
| <b>Total Equity</b>                      | <b>14,289</b> | <b>16,841</b> | <b>20,053</b> |
| <b>Non-Current Liabilities</b>           |               |               |               |
| <b>Financial Liabilities</b>             |               |               |               |
| Lease Liabilities                        | 135           | 101           | 54            |
| Other financial liabilities              | 49            | 51            | 55            |
| Deferred tax liabilities                 | 0             | 1             | 0             |
| Provisions                               | 6             | 7             | 8             |
| Other non-current liabilities            | 58            | 61            | 53            |
| <b>Total Non-Current Liabilities</b>     | <b>249</b>    | <b>221</b>    | <b>170</b>    |
| <b>Current Liabilities</b>               |               |               |               |
| <b>Financial Liabilities</b>             |               |               |               |
| (i) Trade Payables                       | 612           | 696           | 892           |
| (i) Other financial liabilities          | 4,702         | 3,596         | 7,059         |
| (iii) Lease Liabilities                  | 33            | 35            | 48            |
| Provisions                               | 280           | 305           | 344           |
| Income tax liabilities (Net)             | 81            | 97            | 153           |
| Other current liabilities                | 689           | 787           | 1,130         |
| <b>Total Liabilities</b>                 | <b>6,397</b>  | <b>5,516</b>  | <b>9,625</b>  |
| <b>Total Equity and Liabilities</b>      | <b>20,935</b> | <b>22,577</b> | <b>29,849</b> |

Source: RHP, BP Equities Research

**Disclaimer Appendix****Analyst (s) holding in the Stock : Nil****Analyst (s) Certification:**

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