

Retail Research	IPO Note
Sector: Depository	Price Band (Rs): 760 – 800
25 <sup>th</sup> July 2025	

## National Securities Depository Ltd.

### Company Overview:

**National Securities Depository Ltd (NSDL)** is a SEBI-registered market infrastructure institution and a critical enabler of India's capital markets, offering secure and efficient depository services to investors, issuers, and intermediaries. As of Mar'25, NSDL serviced 99.99% of foreign portfolio investor (FPI) assets in dematerialised form, reflecting its dominance in the institutional segment. With an 86.8% share of total demat value and a presence across 99.34% of India's pin codes and 194 countries, NSDL demonstrates both depth and reach. Though it holds 33.9% share in the number of depository participants (DPs), it commands a stronger 77.6% share in DP centres, reflecting a high-quality and widely distributed participant network. NSDL remains a foundational pillar of India's digitised securities infrastructure, benefiting from the long-term tailwinds of financial deepening, rising FPI and retail participation.

### Key Highlights:

**1. First and leading depository of India:** NSDL is India's first and largest depository in terms of number of issuers, active instruments, demat value of settlements, and value of assets under custody as of Mar'25. It has been instrumental in shaping the Indian capital market infrastructure, with its core depository platform servicing 79,773 issuers, over 3.95 crore active demat accounts, and operating via 294 DPs across 65,392 service centres, significantly ahead of its closest peer, CDSL.

**2. Technology-led product innovation:** The company has consistently driven technology-led innovation, having pioneered dematerialised securities in India. Its strong focus on platform stability, product innovation, and user experience has allowed it to stay relevant across diverse user segments. Revenue visibility remains strong, with a major share derived from stable, recurring sources such as annual custody fees from issuers and annual DP fees, rather than market-linked transaction charges. Additional revenue is earned via licensing and usage fees across other service offerings.

**3. Strong subsidiary performance:** NSDL has built complementary verticals through its subsidiaries. NSDL Database Management Ltd (NDML) operates as a tech-driven services provider, supporting ~1,728 SEBI-registered intermediaries and managing ~1.9 crore KYC records through its Central KYC Registry (CKYCR) licence. Meanwhile, NSDL Payments Bank Ltd (NPBL) delivers digital financial products, including prepaid cards, DBT-linked accounts, cash management solutions to corporate and government clients under a B2B2C model.

**Valuation:** NSDL reported a strong financial performance with a Revenue/EBITDA/PAT growing at a CAGR of 17.9%/21.2%/20.9% over FY23–FY25 period, reflecting robust operating leverage. The company's revenue model is largely stable and annuity-like, with over 60% of revenue derived from recurring sources such as annual custody fees charged to issuers and fixed annual DP fees. These recurring fees are independent of market turnover or transaction volume, providing insulation from market cyclicity. NSDL also generates revenue from licensing its DPM software, RTA services, and other auxiliary offerings. As of Mar'25, it had 86.8% market share by demat value and serviced 99.99% of the demat value of FPI holdings in India. At the upper price band of Rs 800, the IPO is priced at 47x times FY25 P/E, compared to its peer CDSL which is trading at 67x. The entire issue is OFS with IDBI Bank, NSE, SBI, UTI, HDFC Bank and Union Bank are the selling shareholders.

Issue Details	
Date of Opening	30 <sup>th</sup> July 2025
Date of Closing	1 <sup>st</sup> August 2025
Price Band (Rs)	760 – 800
Offer for sale (shares)	5,01,45,001
Fresh Issue (Rs cr)	-
Issue Size (Rs cr)	3,811 – 4,012
Issue Size (No. of shares)	5,01,45,001
Face Value (Rs)	2.0
Post Issue Market Cap (Rs cr)	15,200 – 16,000
BRLMs	ICICI Securities, Axis Capital, HSBC Securities & Capital Markets (India), IDBI Capital Markets & Securities, Motilal Oswal Investment Advisors, SBI Capital Markets.
Registrar	MUFG Intime India Pvt Ltd.
Bid Lot	18 shares and in multiples thereof
QIB shares	50%
Retail shares	35%
NIB shares	15%
Employee Reservation (shares)	85,000

Shareholding Pattern		
Pre-Issue	No. of Shares	%
Promoter & Promoter Group	-	-
Public & Others	20,00,00,000	100.0
<b>Total</b>	<b>20,00,00,000</b>	<b>100.0</b>

Post Issue @ Lower Price Band	No. of Shares	%
Promoter & Promoter Group	-	-
Public & Others	20,00,00,000	100.0
<b>Total</b>	<b>20,00,00,000</b>	<b>100.0</b>

Post Issue @ Upper Price Band	No. of Shares	%
Promoter & Promoter Group	-	-
Public & Others	20,00,00,000	100.0
<b>Total</b>	<b>20,00,00,000</b>	<b>100.0</b>

Source: RHP, SSL Research

Selling Shareholding	No. of Shares
IDBI Bank Ltd	2,22,20,000
National Stocks Exchange of India Ltd	1,80,00,001
State Bank of India	40,00,000
Unit Trust of India	34,15,000
HDFC Bank Ltd	20,10,000
Union Bank of India	5,00,000
<b>Total</b>	<b>5,01,45,001</b>

**Note:** SBI Capital Markets Ltd. is the BRLM to the issue and hence as per compliance led restrictions, SBI Securities Ltd. cannot assign any rating to the issue. IPO note can be used to understand the business model and decode the key operational and financial metrics

## Key Financials

Particulars (Rs cr)	FY23	FY24	FY25
Revenue from operations	1,022.0	1,268.2	1,420.1
EBITDA	333.4	382.5	490.5
PAT	234.8	275.4	343.1
EBITDA Margin (%)	32.6	30.2	34.5
PAT Margin (%)	23.0	21.7	24.2
RoE (%)	16.4	16.4	17.1
P/E (x)*	68.1	58.1	46.6

Source: RHP, SSL Research

\*Pre-issue based on upper price band

## Risk Factors

- **Demand risk:** Significant changes in investor preferences from investing & trading in securities to other avenues may lead to a decline in demand for services and adversely affect the business.
- **Product evolution risk:** The company is dependent on its ability to develop and introduce new products & services to the securities market in India through technology-based solutions that anticipate and keep pace with rapid and continuing changes in technology, industry standards and preferences of investors. Any failure to do so may have an adverse impact on business.
- **Market risk:** During FY23/FY24/FY25, the company derived 25.0%/24.3%/29.9% of its revenue from transaction fees. Any slowdown in trading activity due to external risks like geopolitical developments or adverse economic events may have an impact on the business.
- **IT Risk:** The company relies on complex information technology networks and systems to operate its business. Any significant system or network disruption due to a technical glitch, breach in the security of its IT systems or otherwise, may have a negative impact on the business, including the levy of financial disincentives by SEBI.
- **Regulatory Risk:** The company operates under a stringent regulatory regime, and any inability to comply with legal and regulatory obligations may expose it to regulatory proceedings and legal actions by the Securities and Exchange Board of India (SEBI).

## Growth Strategy

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

## Product and Service Offerings

### Core Depository Services:

- **Maintaining allotment and transfer of ownership records:** Maintain details of allotment and transfer of ownership records of securities assets held through electronic book entries and provide a safe and secure environment for the storage of such securities.
- **Account opening and management:** Opening of demat accounts for demat holders through depository participants and providing various services including updating KYC details, nomination facility and updating demographic details.
- **Settlement of market and off-market transfers:** Facilitate the transfer of securities by investors by providing a mechanism for clearing members to settle trades carried out on stock exchanges.
- **Dematerialisation of securities:** Provide dematerialisation services to investors, listed and unlisted issuers and registrar and transfer agents and charge onboarding and service fees to issuers for providing these services.
- **Corporate actions:** Assist issuers with carrying out corporate actions relating to the disbursement of monetary benefits, such as dividends and non-monetary benefits such as bonus payments to investors.
- **Pledge:** Offer the flexibility for securities held in a depository account to be pledged or hypothecated, enabling clients to avail themselves of loan or credit facilities.
- **Margin Pledge:** Introduced a transaction in the depository system that allows clients to utilise their securities as margin with their trading members.
- **Non-disposal undertakings:** Specialised service that allows Demat Account holders to record NDUs in the depository system.
- **Consolidated account statements:** A Unique offering from NSDL that provides information on all securities held in dematerialised form in a client's portfolio in a single statement.
- **Providing a comprehensive suite of APIs:** Provide a comprehensive suite of APIs for seamless processing of data between the depository participants and NSDL.
- **Cash benefit services:** Process interest payments on government bonds and sovereign gold bonds to investors holding these securities in demat accounts with depository participants registered with us.

### Ancillary Products and Services:

- **Digital Loans Against Security (Digital LAS):** Through this facility, clients can avail loans by instantly pledging securities held in dematerialised form.
- **FPI Monitor:**
  - **Common Application Form (CAF):** A single common application form for foreign portfolio investors to register with SEBI, apply for allotment of PAN, complete KYC procedures, and open bank and demat accounts in India.
  - **Foreign Investment Limit Monitoring (FILM):** Through this service, listed issuers can appoint a designated depository for monitoring foreign investment in listed Indian entities.
  - **FPI Investments Data:** Provide a source of information for public dissemination on FPI investment and divestment in the Indian markets across various assets and through various investment routes over a period of time.
- **Depository Account Validation:** Secured internet-based facility which provides an online interface enabling subscribers to validate DP ID, Client ID and PAN of investors through a file upload.
- **Mutual Fund Redemption API:** Mutual fund redemption API provides clients with the convenience of placing redemption requests for mutual fund units held in their demat account.
- **Issuer Service Portal:** An issuer service portal which gives access to the issuer-related services and information.

Source: RHP, SSL Research

## Revenue Mix

Particulars	FY23		FY24		FY25	
	Rs cr	as a % of Total Revenue	Rs cr	as a % of Total Revenue	Rs cr	as a % of Total Revenue
NSDL Payments Bank Ltd (NPBL)	540.8	52.9	719.2	56.7	719.9	50.7
Depository Services	409.1	40.0	473.0	37.3	618.6	43.6
NSDL Database Management Ltd (NDML)	72.1	7.1	76.0	6.0	81.6	5.7
<b>Total</b>	<b>1,022.0</b>	<b>100.0</b>	<b>1,268.2</b>	<b>100.0</b>	<b>1,420.1</b>	<b>100.0</b>

Source: RHP, SSL Research

## Number of Users

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

Source: RHP, SSL Research

## Demat Custody Value (Rs trillion)

Particulars	FY23	FY24	FY25
Individuals & HUF	43.1	65.1	70.2
Non-Individuals	259.1	358.3	394.0
<b>Total Custody Value</b>	<b>302.2</b>	<b>423.4</b>	<b>464.2</b>

Source: RHP, SSL Research

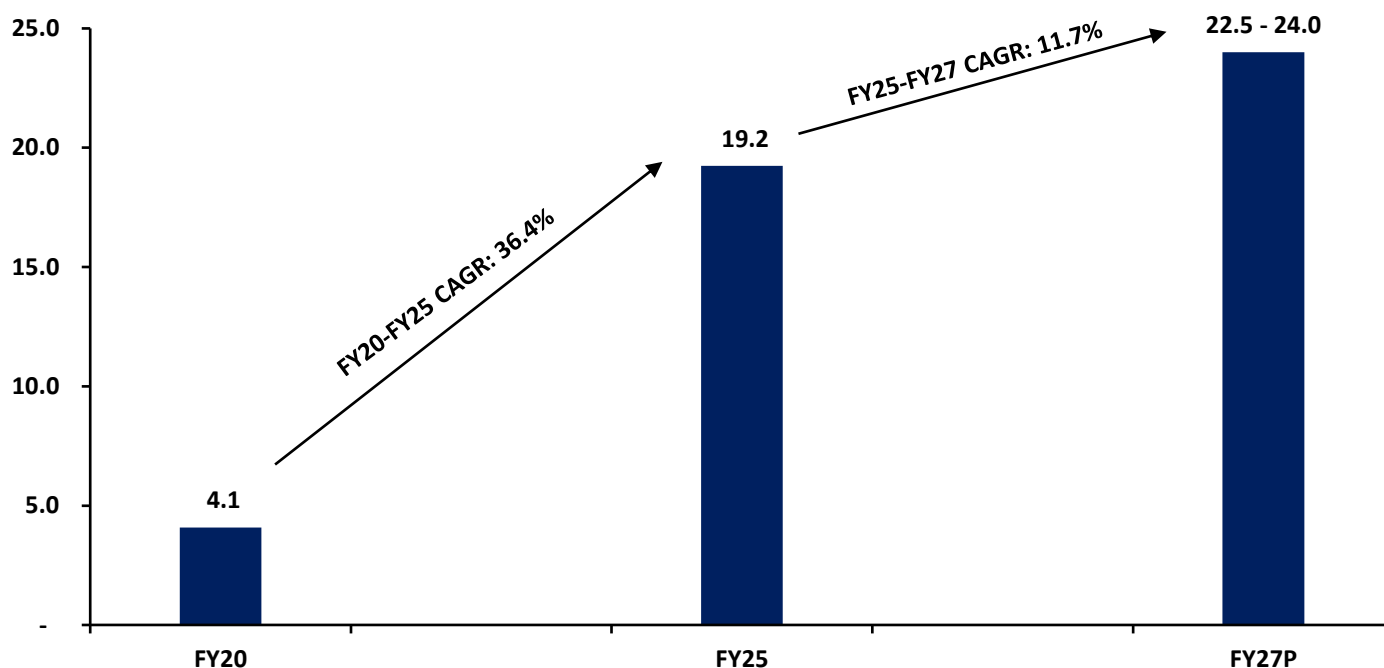
## Number of Demat Accounts (lakh)

Particulars	FY23	FY24	FY25
Individuals & HUF	313.1	356.1	392.7
Non-Individuals	1.5	1.6	1.8
<b>Total</b>	<b>314.6</b>	<b>357.7</b>	<b>394.5</b>

Source: RHP, SSL Research

## Industry Overview

Number of Client Demat Account (cr)



Source: RHP, SSL Research

### Addressable Market for Payments Banks

Particulars (Rs billion)	FY25E	FY27P
Revenue from CASA	1,160-1,170	1,300-1,320
Revenue from payment-related services	230-250	300-320
Revenue from Remittances	17-18	22-23
Revenue from Cash Management Services	12-13	15-16
<b>Total Addressable Market Size</b>	<b>1,400</b>	<b>1,600 to 1,700</b>

Source: RHP, SSL Research

## Financial Snapshot

INCOME STATEMENT			
Particulars (Rs cr)	FY23	FY24	FY25
Revenue from Operations	1,022	1,268	1,420
YoY growth (%)	-	24.1%	12.0%
Other Income	78	97	115
<b>Total Income</b>	<b>1,100</b>	<b>1,366</b>	<b>1,535</b>
Employee Cost	110	123	139
Other Operating Expenses	657	860	906
<b>EBITDA</b>	<b>333</b>	<b>382</b>	<b>491</b>
<b>EBITDA margins (%)</b>	<b>32.6%</b>	<b>30.2%</b>	<b>34.5%</b>
Interest Exp.	2	2	4
Depreciation	22	24	35
<b>PBT</b>	<b>310</b>	<b>356</b>	<b>451</b>
Share of Profit/(Loss) of Associates	(5)	(1)	2
Tax	70	80	110
<b>PAT</b>	<b>235</b>	<b>275</b>	<b>343</b>
<b>PAT margin (%)</b>	<b>23.0%</b>	<b>21.7%</b>	<b>24.2%</b>
<b>EPS (Rs)</b>	<b>11.7</b>	<b>13.8</b>	<b>17.2</b>

BALANCE SHEET			
Particulars (Rs cr)	FY23	FY24	FY25
<b>Assets</b>			
Net Block	34	255	267
Capital WIP	-	-	15
Intangible Assets	19	22	47
Intangible Assets under development	5	13	7
Right of use assets	16	12	8
Other Non-current Assets	1,185	1,325	1,391
<b>Current Assets</b>			
Current Investment	333	273	683
Trade receivables	86	83	130
Cash and Bank Balances	387	240	374
Other Current Assets	30	34	63
<b>Total Current Assets</b>	<b>835</b>	<b>631</b>	<b>1,250</b>
<b>Current Liabilities &amp; Provisions</b>			
Trade payables	61	70	89
Other current liabilities	547	448	834
Short-term provisions	28	30	34
<b>Total Current Liabilities</b>	<b>636</b>	<b>548</b>	<b>958</b>
<b>Net Current Assets</b>	<b>199</b>	<b>83</b>	<b>293</b>
<b>Total Assets</b>	<b>1,457</b>	<b>1,710</b>	<b>2,027</b>
<b>Liabilities</b>			
Share Capital	40	40	40
Reserves and Surplus	1,389	1,644	1,965
<b>Total Shareholders' Funds</b>	<b>1,429</b>	<b>1,684</b>	<b>2,005</b>
<b>Total Debt</b>	<b>-</b>	<b>-</b>	<b>-</b>
Long Term Provisions	1	1	1
Lease Liabilities	17	14	10
Other Long-Term Liabilities	11	11	11
<b>Total Liabilities</b>	<b>1,457</b>	<b>1,710</b>	<b>2,027</b>

RATIOS			
	FY23	FY24	FY25
<b>Profitability</b>			
Return on Assets	11.2%	12.2%	11.5%
Return on Equity	16.4%	16.4%	17.1%
<b>Margin Analysis</b>			
EBITDA Margin	32.6%	30.2%	34.5%
Net Profit Margin	23.0%	21.7%	24.2%
<b>Valuation Ratios*</b>			
EPS (Rs)	11.7	13.8	17.2
BV (Rs)	71.4	84.2	100.3
P/E (x)	68.1	58.1	46.6
P/B (x)	11.2	9.5	8.0

Valuation ratios are based on pre-issue capital at the upper price band

Source: RHP, SSL Research

## Peer Comparison (FY25)

Particulars (Rs cr)	National Securities Depository Ltd	Central Depository Services (India) Ltd
<b>Financials</b>		
CMP	800.0	1,677.0
Revenue	1,420.1	1,082.2
EBITDA	490.5	624.3
Net Profit	343.1	526.6
Mkt Cap.	16,000.0	35,049.3
EBITDA Margin (%)	34.5	57.7
Net Profit Margin (%)	24.2	48.7
P/E (x)	46.6	66.6
RoE (%)	17.1	29.9
<b>Operational Parameters</b>		
Number of Active Client Accounts (cr)	3.9	15.3
Total Demat Value (Rs trillion)	464.2	70.5
Number of Registered Issuers	79,773.0	35,922.0
Number of Depository Participants	294.0	574.0
Depository Participants' Service Centres	65,391.0	18,918.0
Number of unlisted companies	68,223.0	25,187.0
Demat value (equity) of unlisted companies (Rs billion)	19,367.5	2,146.1
Demat value per investor account (Rs million)	11.8	0.5
Quantity of shares settled in demat form (billion)	282.8	435.1
Market share in total active instruments	65.27%	34.73%

For National Securities Depository Limited, the Market cap, P/E(x) is calculated on post-issue equity share capital based on the upper price band.

CMP for CDSL as on 25<sup>th</sup> July, 2025

Source: RHP, CDSL Annual report, SSL Research

**SBICAP Securities Limited**

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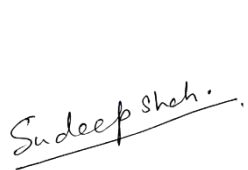
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