

RESULT UPDATE

KEY DATA

Rating	BUY
Sector relative	Neutral
Price (INR)	1,587
12 month price target (INR)	1,840
52 Week High/Low	1,990/1,047
Market cap (INR bn/USD bn)	332/3.7
Free float (%)	85.0
Avg. daily value traded (INR mn)	3,101.6

SHAREHOLDING PATTERN

	Sep-25	Jun-25	Mar-25
Promoter	15%	15%	15%
FII	11.54%	12.90%	11.34%
DII	14.18%	14.24%	15.41%
Pledge	0%	0%	0%

FINANCIALS

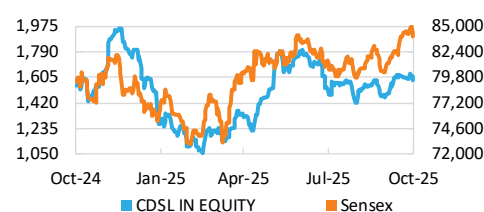
(INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Revenue	10,822	11,982	13,804	15,847
EBITDA	6,243	6,481	7,804	9,417
Adjusted profit	5,266	5,240	6,287	7,572
Diluted EPS (INR)	25.2	25.1	30.1	36.2
EPS growth (%)	25.7	(0.5)	20.0	20.4
RoAE (%)	32.7	27.9	29.6	31.6
P/E (x)	63.0	63.3	52.8	43.8
EV/NOPLAT (x)	72.3	72.2	58.3	51.5
Dividend yield (%)	0.8	0.9	1.1	1.4

CHANGE IN ESTIMATES

	Revised estimates		% Revision	
Year to March	FY26E	FY27E	FY26E	FY27E
Revenue	11,982	13,804	2.9	2.0
EBIT	5,828	7,086	3.1	1.5
NOPLAT	4,357	5,299	2.7	1.2
APAT	5,240	6,287	2.2	1.1

PRICE PERFORMANCE



Revenue growth-driven earnings beat

Q2 revenue grew -1% YoY/23.2% QoQ to INR3.19bn (+4.8% versus estimate). QoQ growth was largely driven by stronger IPO/corporate charges (+195.2% QoQ) and online data charges (+48.4% QoQ). Higher-than-estimated staff & technology cost was offset by lower other expense yielding EBIT margin of 50.7% (-765bp YoY/+612bp QoQ) and EBIT of INR1.62bn (-14.0% YoY/40.2% QoQ). This and a lower tax rate of 23.2% drove APAT to INR1.4bn (-13.5% YoY/37.0% QoQ).

Given a robust IPO pipeline and a gradual recovery in markets, we are raising FY26E/27E/28E APAT by 2.2%/1.1%/2.0% and roll forward valuation to Sep-27E, yielding a TP of INR1,840 i.e. FY27E/28E P/E of 61.2x/50.8x; maintain 'BUY'.

Steller growth in IPO/corporate action and online data charges

CDSL delivered revenue growth of -1.0 YoY/23.2% QoQ to INR3.2bn. Annual issuer charges posted in-line growth of 43.8% YoY/0.9% QoQ to INR1.15bn. Lower retail participation (-352bp YoY/173bp QoQ) during choppy phase of equity market (Q2: Nifty 50 down 3.6% and NSE cash ADTV at INR957mn (-25.8% YoY/-11.8% QoQ), dragged transaction charges by 28.9% YoY/4.8% QoQ to INR590mn. IPO market strongly rebounded with 47 mainboard IPOs during Q2 garnering INR556bn (4.1x of Q1FY26). This along with a strong corporate action quarter drove IPO and corporate action segment revenue by 19.2% YoY/195.2% QoQ to INR620mn. Strong primary issuances with INR693bn already raised in FY26TD and with INR1.2tn in pipeline (FY25 issue size: INR1.6tn) are likely to drive higher IPO revenue in coming quarters of FY26E. Online data charges surged 48.4% QoQ to INR460mn mainly due to higher demat account openings of 6.5mn (-44.9% YoY/15.2% QoQ) in Q2. During Q2, CDSL reported an incremental demat account market share of 78% (-1,210bp YoY/1,242bp QoQ) and as on Q2FY26 CDSL's market share was 79.8% (+148bp YoY/-7bp QoQ). Other revenue came in at INR369mn (-10.6% YoY/19.7% QoQ) as good pickup was reported in CAS income, e-voting, E-sign and E-KYC.

Low cost and tax rate drive earnings beat despite lower other income

Total expenses grew 17.1% YoY/9.6% QoQ to INR1.57bn, 3.1% below our estimate, driving EBIT margin by -765bp YoY/+612bp QoQ to 50.7% yielding EBIT of INR1.62bn (13.8% above estimate). Management continues to invest in capacity creation, streamlining of processes driving technology expense 56.6% YoY/9.1% QoQ to INR378mn. Employee/other expenses grew 6.1%/13.5% QoQ. Low tax rate (23.2%, -478bp YoY/-897bp QoQ) offset lower-than-expected other income (INR225mn, down38% YoY/38.1% QoQ) driving APAT by -13.5% YoY/37.0% QoQ to INR1.4bn.

Financials

Year to March	Q2FY26	Q2FY25	% Change	Q1FY26	% Change
Net Revenue	3,189	3,223	(1.0)	2,588	23.2
EBITDA	1,776	1,998	(11.1)	1,304	36.2
Adjusted Profit	1,402	1,620	(13.5)	1,024	37.0
Diluted EPS (INR)	6.7	7.8	(13.5)	4.9	37.0

Financial Statements

Income Statement (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Total operating income	10,822	11,982	13,804	15,847
Employee costs	1,219	1,654	1,786	1,929
Other expenses	3,360	3,848	4,214	4,501
EBITDA	6,243	6,481	7,804	9,417
Depreciation	490	652	718	799
EBIT	5,753	5,828	7,086	8,618
Less: Interest expense	1	2	2	2
Add: Other income	1,171	1,182	1,322	1,507
Profit before tax	6,923	7,009	8,407	10,123
Prov for tax	1,686	1,766	2,118	2,551
Less: Other adj	(30)	2	1	0
Reported profit	5,266	5,240	6,287	7,572
Less: Excp.item (net)	0	0	0	0
Adjusted profit	5,266	5,240	6,287	7,572
Diluted shares o/s	209	209	209	209
Adjusted diluted EPS	25.2	25.1	30.1	36.2
DPS (INR)	12.5	13.8	18.0	21.7
Tax rate (%)	24.4	25.2	25.2	25.2

Important Ratios (%)

Year to March	FY25A	FY26E	FY27E	FY28E
Revenue/ demat a/c	80.6	72.5	72.6	73.4
Core Profit/ demat a/c	42.8	35.3	37.3	39.9
NOPLAT/ demat a/c	32.7	26.4	27.9	29.9
Core Op. Profit (INR mn)	5,753	5,828	7,086	8,618
NOPLAT (INR mn)	4,391	4,357	5,299	6,446
NOPLAT YoY growth (%)	26.2	(0.8)	21.6	21.6
Avg. demat a/c (mn)	134.3	165.3	190.0	215.8
Incremental mkt. share in demat a/c (%)	91.0	82.5	82.0	82.0

Assumptions (%)

Year to March	FY25A	FY26E	FY27E	FY28E
GDP (YoY %)	6.4	6.4	6.4	6.4
Repo rate (%)	6.5	6.5	6.5	6.5
USD/INR (average)	81.0	81.0	81.0	81.0
Issuer chgs growth	28.3	42.2	17.4	15.4
Trans. chgs growth	20.0	(8.2)	13.7	14.7
Data chgs growth	30.0	(20.2)	18.0	13.8
Corp. act. chgs growth	74.8	19.8	9.5	14.1
Cl. demat a/c (mn)	153.0	177.7	202.4	229.2
Demat a/c mkt share (%)	79.5	79.9	80.1	80.4

Valuation Metrics

Year to March	FY25A	FY26E	FY27E	FY28E
P/E	63.0	63.3	52.8	43.8
Price/BV (x)	18.8	16.6	14.8	13.0
EV/NOPLAT (x)	72.3	72.2	58.3	51.5
Dividend yield (%)	0.8	0.9	1.1	1.4

Source: Company and Nuvama estimates

Balance Sheet (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Share capital	2,090	2,090	2,090	2,090
Reserves	15,513	17,867	20,377	23,400
Shareholders funds	17,603	19,957	22,467	25,490
Minority interest	435	431	426	420
Borrowings	0	0	0	0
Trade payables	369	401	404	432
Other liabs & prov	3,053	3,874	4,330	4,836
Total liabilities	21,621	24,836	27,815	31,381
Net block	4,044	4,244	4,484	4,767
Intangible assets	419	406	415	442
Capital WIP	71	36	18	9
Total fixed assets	4,535	4,686	4,916	5,218
Non current inv	5,696	5,696	5,696	5,696
Cash/cash equivalent	1,742	3,971	5,755	7,968
Sundry debtors	528	657	756	868
Loans & advances	390	359	414	475
Other assets	8,363	9,043	9,809	10,641
Total assets	21,621	24,836	27,815	31,381

Free Cash Flow (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Reported profit	5,266	5,240	6,287	7,572
Add: Depreciation	490	652	718	799
Interest (net of tax)	1	2	2	2
Others	(1,171)	(1,186)	(1,327)	(1,512)
Less: Changes in WC	1,116	656	185	226
Operating cash flow	5,702	5,364	5,864	7,087
Less: Capex	(1,571)	(803)	(948)	(1,100)
Free cash flow	4,131	4,561	4,916	5,986

Key Ratios

Year to March	FY25A	FY26E	FY27E	FY28E
RoE (%)	32.7	27.9	29.6	31.6
RoCE (%)	34.0	29.7	32.0	34.6
Receivable days	20	18	19	19
Payable days	11	12	11	10
Working cap (% sales)	56.5	50.6	47.5	44.5
Net debt/equity (x)	(0.9)	(0.9)	(0.9)	(1.0)
Interest coverage (x)	5,735.7	3,885.7	4,428.7	5,069.5
Gross debt/equity (x)				
Inventory days	nm	nm	nm	nm

Valuation Drivers

Year to March	FY25A	FY26E	FY27E	FY28E
EPS growth (%)	25.7	(0.5)	20.0	20.4
RoE (%)	32.7	27.9	29.6	31.6
EBITDA growth (%)	27.6	3.8	20.4	20.7
Payout ratio (%)	49.6	55.0	60.0	60.0

Exhibit 1: Q2FY26 APAT declines 13.5% YoY to INR1.4bn

Particulars (INR mn)	Q2FY26	Q2FY25	YoY (%) / bp	Q1FY26	QoQ (%) / bp	H1FY26	H1FY25	YoY (%) / bp	FY26E	FY27E	FY28E
Revenue from operations	3,189	3,223	(1.0)	2,588	23.2	5,777	5,797	(0.3)	11,982	13,804	15,847
Employee benefits expense	414	314	31.6	390	6.1	804	582	38.2	1,654	1,786	1,929
Technology expenses	378	241	56.6	346	9.1	724	499	45.0	1,489	1,629	1,664
Other expenses	621	669	(7.1)	547	13.5	1,169	1,173	(0.4)	2,359	2,585	2,837
Total expenses	1,574	1,344	17.1	1,436	9.6	3,009	2,471	21.8	6,154	6,718	7,229
EBITDA	1,776	1,998	(11.1)	1,304	36.2	3,081	3,542	(13.0)	6,481	7,804	9,417
Depreciation and amortisation expense	161	119	34.9	152	5.9	313	217	44.0	652	718	799
EBIT	1,615	1,879	(14.0)	1,152	40.2	2,768	3,325	(16.8)	5,828	7,086	8,618
Other Income	225	362	(38.0)	364	(38.1)	588	658	(10.5)	1,182	1,322	1,507
Finance costs	0.4	0.2	172.8	0.5	(8.3)	0.9	0.4	161.0	2	2	2
PBT	1,840	2,241	(17.9)	1,515	21.4	3,355	3,982	(15.8)	7,009	8,407	10,123
Tax expense (net)	427	627	(31.9)	488	(12.4)	915	1,032	(11.4)	1,766	2,118	2,551
APAT	1,412	1,614	(12.5)	1,028	37.4	2,440	2,950	(17.3)	5,243	6,288	7,572
Share of Profit/(Loss) of associate	(13)	6	(323.0)	(4)	NM	(17)	11	(254.1)	(7)	(6)	(5)
Minority interest	(3)	(1)	NM	0	(900.6)	(2)	(1)	134.6	(4)	(5)	(5)
APAT post associate income and MI	1,402	1,620	(13.5)	1,024	37.0	2,426	2,962	(18.1)	5,240	6,287	7,572
Exceptional items	-	-	NM	-	NM	-	-	-	-	-	-
RPAT	1,402	1,620	(13.5)	1,024	37.0	2,426	2,962	(18.1)	5,240	6,287	7,572
FD EPS	6.7	7.8	(13.5)	4.9	965.0	11.6	14.2	(18.1)	25.1	30.1	36.2
Margin and tax rate (%)	Q2FY26	Q2FY25	YoY (%) / bp	Q1FY26	QoQ (%) / bp	H1FY26	H1FY25	YoY (%) / bp	FY26E	FY27E	FY28E
EBITDA Margin	55.7	62.0	(630)bp	50.4	530bp	53.3	61.1	(779)bp	54.1	56.5	59.4
EBIT Margin	50.7	58.3	(765)bp	44.5	612bp	47.9	57.4	(946)bp	48.6	51.3	54.4
NOPLAT Margin	38.7	41.9	(316)bp	29.1	965bp	34.4	42.6	(824)bp	36.4	38.4	40.7
APAT Margin	44.0	50.3	(630)bp	39.6	442bp	42.0	51.1	(911)bp	43.7	45.5	47.8
Tax Rate	23.2	28.0	(478)bp	32.2	(897)bp	27.3	25.9	135bp	25.2	25.2	25.2

Source: Company, Nuvama Research

Exhibit 2: Annual issuer charges grew 43.8% YoY; strong primary market drives IPO/corporate action charges higher

Activity wise Revenue (INR mn)	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	YoY(%/bp)	QoQ(%/bp)
Annual issuer charges	800	810	870	1,140	1,150	43.8	0.9
Transaction charges	830	590	490	620	590	(28.9)	(4.8)
IPO/corporate action charges	520	580	250	210	620	19.2	195.2
Online data charges	660	510	370	310	460	(30.3)	48.4
Others	413	291	264	308	369	(10.6)	19.7
Total	3,223	2,781	2,244	2,588	3,189	(1.0)	23.2
Activity wise Revenue Contribution (%)	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	YoY (% / bp)	QoQ (% / bp)
Annual issuer charges	24.8	29.1	38.8	44.0	36.1	1,124bp	(799)bp
Transaction charges	25.8	21.2	21.8	24.0	18.5	(725)bp	(545)bp
IPO/corporate action charges	16.1	20.9	11.1	8.1	19.4	331bp	1,133bp
Online data charges	20.5	18.3	16.5	12.0	14.4	(606)bp	245bp
Others	12.8	10.5	11.8	11.9	11.6	(124)bp	(34)bp
Total	100	100	100	100	100		

Source: Company, Nuvama Research

Exhibit 3: Depository activity revenue contribution increases 834bp YoY to 85.2%

Segment Revenue Analysis (INR mn)	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	YoY(%/bp)	QoQ(%/bp)
Depository Activity	2,478	2,210	1,815	2,219	2,718	9.7	22.5
Data Entry and Storage	739	566	425	369	466	(37.0)	26.0
Others	6	6	7	9	8	25.2	(8.4)
Inter segmental	(0)	(0)	(3)	(8)	(3)	NM	NM
Total	3,223	2,781	2,244	2,588	3,189	(1.0)	23.2
Revenue Contribution (%)	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	YoY (% / bp)	QoQ (% / bp)
Depository Activity	76.9	79.5	80.9	85.7	85.2	834bp	(48)bp
Data Entry and Storage	22.9	20.3	18.9	14.3	14.6	(832)bp	33bp
Others	0.2	0.2	0.3	0.3	0.2	5bp	(8)bp
Inter segmental	(0.0)	(0.0)	(0.1)	(0.3)	(0.1)	(7)bp	24bp
Total	100	100	100	100	100	-	-
Segment Results (INR mn)	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	YoY (% / bp)	QoQ (% / bp)
Depository Activity	1,448	1,205	784	1,056	1,472	1.7	39.4
Data Entry and Storage	450	292	182	114	162	(63.9)	42.9
Others	(20)	(21)	(15)	(18)	(20)	NM	NM
Intersegmental	-	-	-	-	-	NM	NM
Total	1,879	1,477	950	1,152	1,615	(14.0)	40.2
Other Income	368	207	322	360	212	(42.5)	(41.1)
Less : Provision for taxation	627	386	268	488	427	(31.9)	(12.4)
PAT	1,620	1,298	1,004	1,024	1,399	(13.6)	36.6
Segment Margins %	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	YoY (% / bp)	QoQ (% / bp)
Depository Activity	58.4	54.5	43.2	47.6	54.2	(427)bp	657bp
Data Entry and Storage	60.9	51.6	42.9	30.8	34.9	(2,605)bp	413bp
Others	(315.8)	(349.8)	(219.2)	(207.6)	(256.9)	NM	NM
EBIT margin	58.3	53.1	42.3	44.5	50.6	(766)bp	612bp

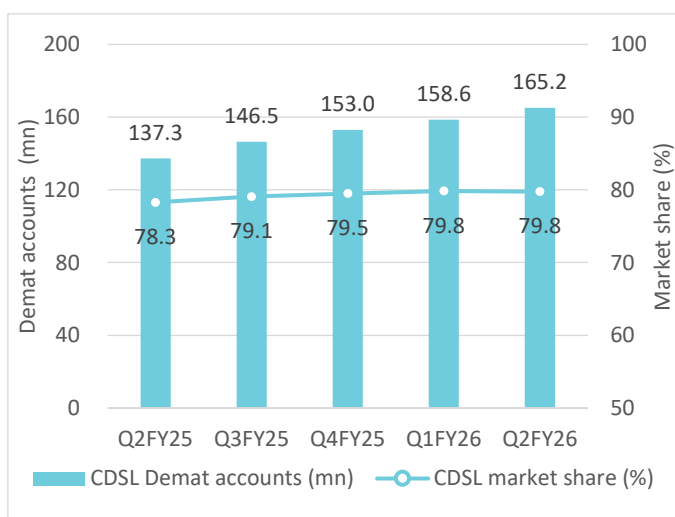
Source: Company, Nuvama Research

Exhibit 4: CDSL's Q2 incremental demat account market share at 78.0%

Key operating parameters	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	YoY(%/bp)	QoQ(%/bp)
Demat account statistics							
CDSL Demat accounts (mn)	137.3	146.5	153.0	158.6	165.2	20.3	4.1
CDSL incremental demat account (mn)	11.8	9.2	6.4	5.7	6.5	(44.9)	15.2
CDSL market share (%)	78.3	79.1	79.5	79.8	79.8	148bp	(7)bp
CDSL share in inc demat accounts (QoQ, %)	90.1	93.1	90.4	90.5	78.0	(1,210)bp	(1,242)bp
NSE trade statistics							
NSE ADTV (INR bn)	1,290	1,041	955	1,085	957	(25.8)	(11.8)
NSE Delivery (%)	26.6	26.9	26.5	26.0	30.3	371bp	427bp
NSE Delivery ADTV (INR bn)	343	280	253	282	290	(15.5)	2.7
NSE retail participation (%)	41.1	37.9	36.2	39.0	37.3	(352)bp	(173)bp

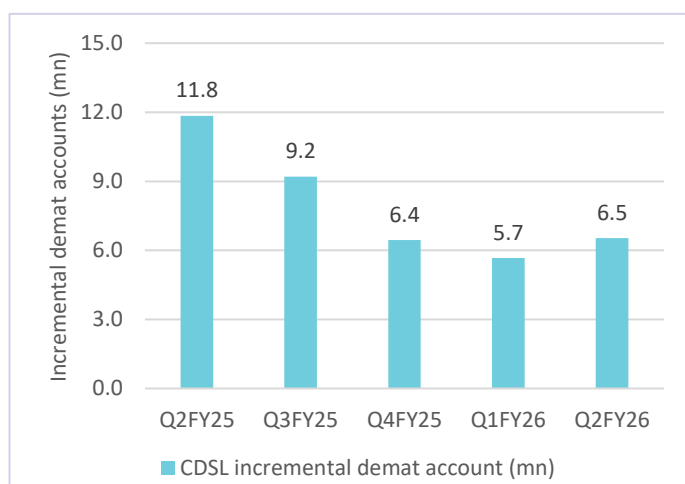
Source: Company, Nuvama Research

Exhibit 5: Continued demat account leadership



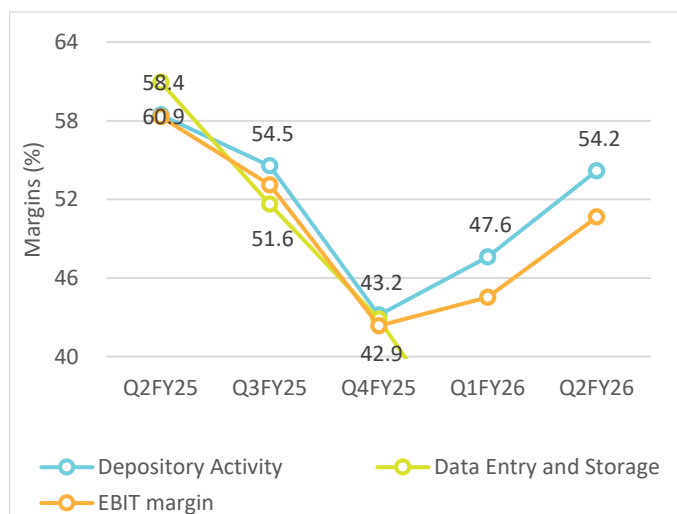
Source: Company, Nuvama Research

Exhibit 6: Incremental demat growth at 6.5mn



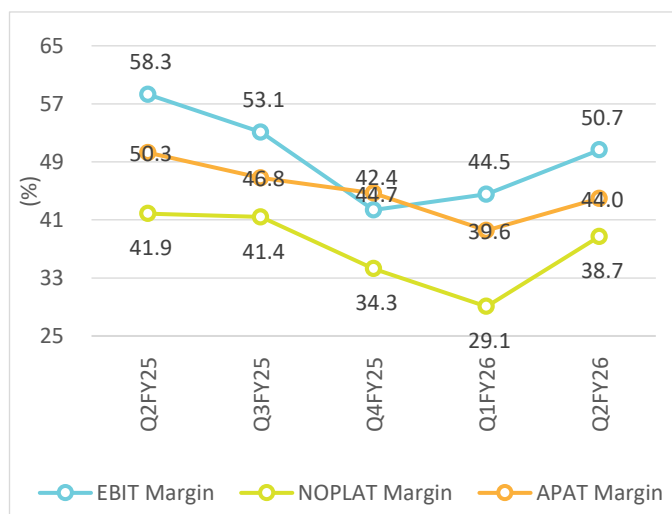
Source: Company, Nuvama Research

Exhibit 7: EBIT margin dips 766bp YoY to 50.6%



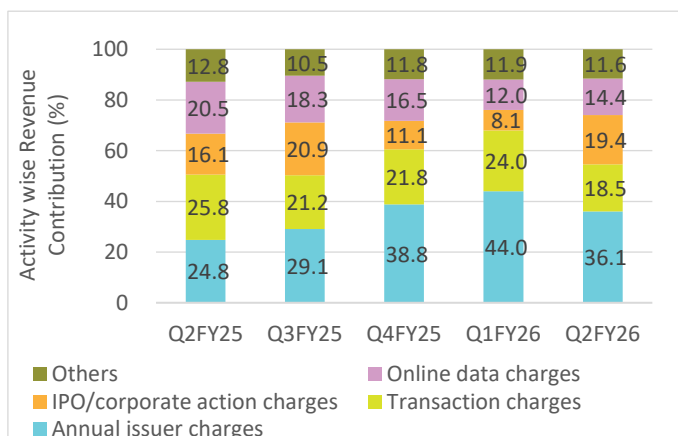
Source: Company, Nuvama Research

Exhibit 8: Profitability margins slide owing to high cost



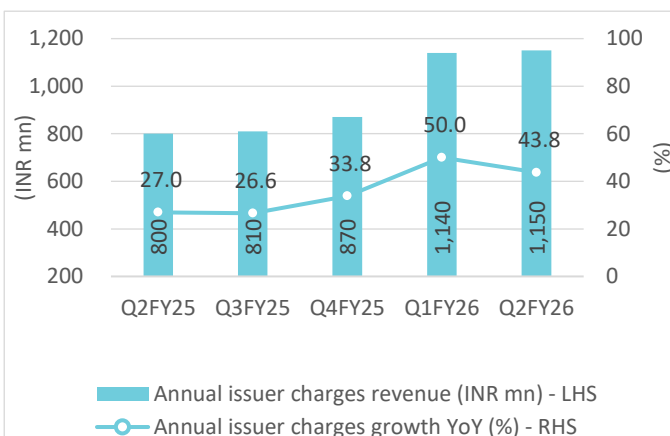
Source: Company, Nuvama Research

Exhibit 9: Share of IPO/corporate action charges increases



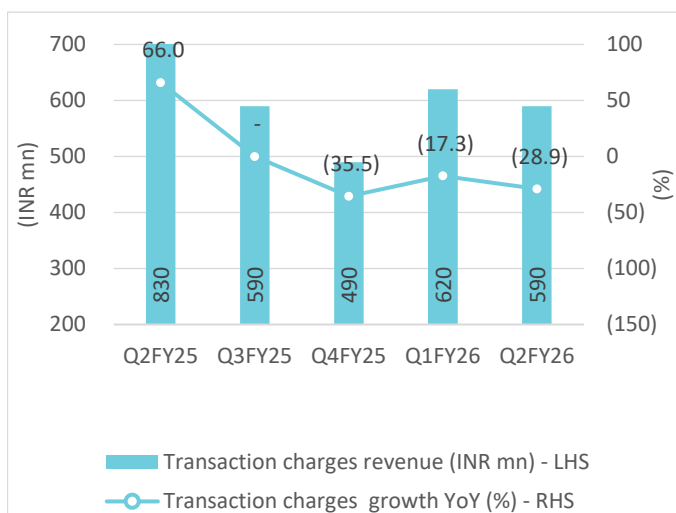
Source: Company, Nuvama Research

Exhibit 10: Annual charges grow +43.8% YoY



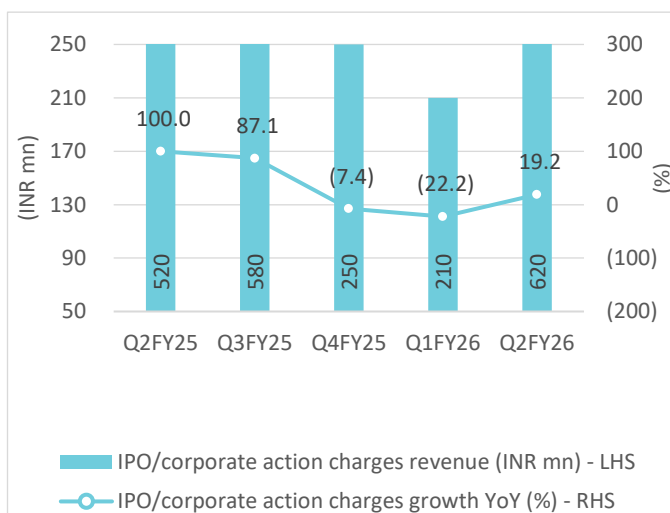
Source: Company, Nuvama Research

Exhibit 11: Transaction charges fall 28.9% YoY to INR 590mn



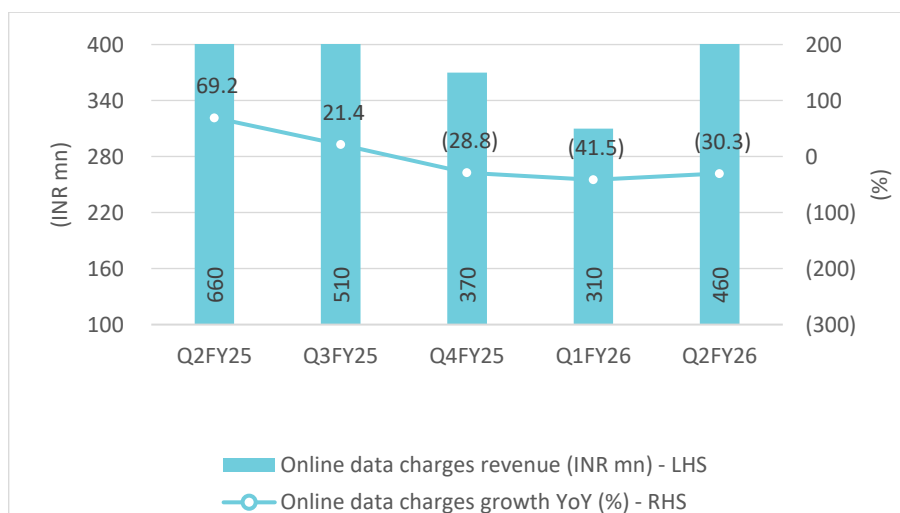
Source: Company, Nuvama Research

Exhibit 12: IPO/Corporate action charges surge 19.2% YoY



Source: Company, Nuvama Research

Exhibit 13: Online data charges decline 30.3% YoY



Source: Company, Nuvama Research

Exhibit 14: Change in estimate

	Earlier			Revised			Change		
(INR mn)	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenues	11,648	13,531	15,624	11,982	13,804	15,847	2.9	2.0	1.4
EBIT	5,653	6,981	8,408	5,828	7,086	8,618	3.1	1.5	2.5
EBIT margin (%)	48.5	51.6	53.8	48.6	51.3	54.4	11bp	(26)bp	57bp
NOPLAT	4,243	5,235	6,302	4,357	5,299	6,446	2.7	1.2	2.3
NOPLAT margin (%)	36.4	38.7	40.3	36.4	38.4	40.7	(6)bp	(30)bp	35bp
APAT	5,126	6,220	7,426	5,240	6,287	7,572	2.2	1.1	2.0
EPS	24.5	29.8	35.5	25.1	30.1	36.2	2.2	1.1	2.0
ROE (%)	27.3	29.4	31.1	27.9	29.6	31.6	57bp	23bp	48bp
Target Price (INR)	1,780			1,840			3.4		
Rating	Buy			Buy					

Source: Nuvama Research

Company Description

Central Depository Services (India) (CDSL IN) received the certificate of commencement of business from SEBI in February 1999 and was initially promoted by the BSE, which, thereafter, divested its stake to leading private and public sector banks. CDSL facilitates holding and transacting in securities in the electronic form and facilitates settlement of trades executed on stock exchanges. These securities include equities, debentures, bonds, exchange traded funds (ETF), units of mutual funds, units of alternate investment funds (AIF), certificates of deposit (CD), commercial papers (CP), government securities (G-Sec) and treasury bills (T-bill). CDSL is the first listed depository in India and the second listed depository in the world.

Investment Theme

CDSL is market leader in retail demat with a share of 91% in incremental accounts in FY25 driven by strong partnerships with key large discount brokers. New-to-market investors dominate account openings, bolstering KYC revenue. Annual issuer charges to balloon with a widespread increase in equity ownership. Mandatory dematerialisation of unlisted companies' to provide additional growth avenue. Insurance repository, CAS, eVoting and eAGM offers huge growth potential.

Key Risks

- Regulatory risk, which may arise due to pricing controls, and increased payout requirements to Investor Education and Protection Fund (IEPF).
- Market volatility may result in irregular earnings.
- Technological changes may call for beefing up capabilities and data security, thereby altering the calculus of investments needed in technology upgradation

Additional Data

Management

CEO	Nehal Naleen Vora
CRO	Vinay Madan
CFO	Girish Amesara
Auditor	M/s. S. R. Batliboi & Co. LLP

Holdings – Top 10*

	% Holding		% Holding
Capital Group C	2.91	BlackRock	0.99
Vanguard Group	1.99	Dimension Fund	0.80
Nippon Life AMC	1.33	Axis Asset Mana	0.76
NSE clearing	1.11	WBC Holding	0.57
PPFAS Asset Man	1.08	Bajaj Allianz L	0.47

*Latest public data

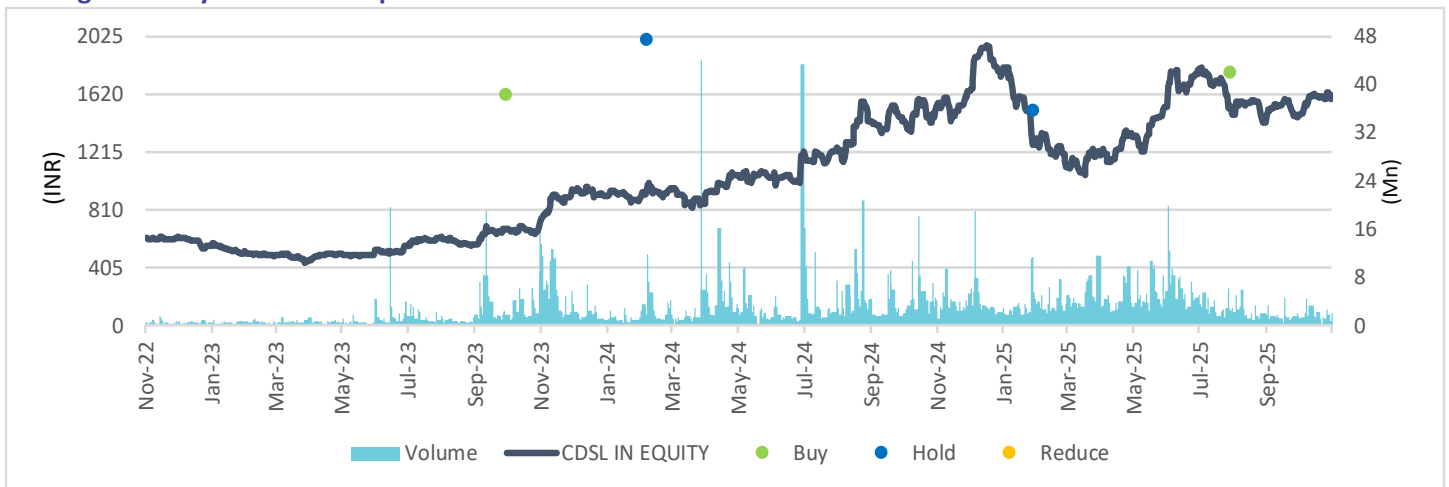
Recent Company Research

Date	Title	Price	Reco
28-Jul-25	Annual issuer charges rise sharply; <i>Result Update</i>	1,615	Buy
05-May-25	Lower volumes hurt earnings; <i>Result Update</i>	1,314	Hold
27-Jan-25	Cyclicality at play; <i>Result Update</i>	1,603	Hold

Recent Sector Research

Date	Name of Co./Sector	Title
30-Oct-25	Nippon Life India AMC	Strong core earnings; <i>Result Update</i>
29-Oct-25	CAMS	MF stabilises, non-MF improves; <i>Result Update</i>
28-Oct-25	Kfin Technologies	Steady yields drive outperformance ; <i>Result Update</i>

Rating and Daily Volume Interpretation



Source: Bloomberg, Nuvama research

Rating Rationale & Distribution: Nuvama Research

Rating	Expected absolute returns over 12 months	Rating Distribution
Buy	15%	205
Hold	<15% and >-5%	68
Reduce	<-5%	37

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