

**Central Depository Services (India) Limited (CDSL)**

13<sup>th</sup> Jun, 2017

**Recommendation:**

**Subscribe**

**Rating:**



**Issue Summary:**

<b>Price Band (Rs)</b>	145-149
<b>Face Value (Rs)</b>	10
<b>Market Lot</b>	100 Shares
<b>Opens</b>	19 <sup>th</sup> June, 2017
<b>Closes</b>	21 <sup>st</sup> June, 2017
<b>Fresh Issue (Rs)</b>	523.99 Cr
<b>Listing</b>	NSE

**Issue Break Up:**

<b>QIB Portion</b>	50%
<b>NIB Portion</b>	15%
<b>Retail Portion</b>	35%

**Book Running Lead Managers:**

➤ Axis Capital Ltd
➤ Nomura Financial Advisory and Securities (India) Private Ltd
➤ Edelweiss Financial Services Ltd
➤ SBI Capital Markets Ltd
➤ YES Securities Ltd
➤ IDBI Capital Market Services Ltd
➤ Haitong Securities India Pvt. Ltd

**Registrar**

- Link Intime India Private Ltd

**Company & Business Profile**

Central Depository Services (India) Limited (CDSL) is the leading securities depository in India by incremental growth of Beneficial Owner (“BO”) accounts over the last three fiscals and by the total number of registered Depository Participants (“DPs”), as at the end of fiscal 2016, according to the CRISIL report. However, in terms of market share, CDSL is the second largest depository in India. CDSL commenced their depository business in 1999 with the objective of providing convenient, dependable and secure depository services at affordable cost to all market participants. The Company initially promoted by the BSE which subsequently divested a part of its stake to leading Indian banks. They have connectivity with clearing corporations of all the leading Indian stock exchanges including the BSE, NSE and Metropolitan Stock Exchange of India. They have also entered into MoUs with depositories globally including with DTCC, JASDEC and Euroclear.

**CDSL offer services to the following clients:**

**Depository Participants and Other Capital Market Intermediaries:** CDSL offer dematerialization for a wide range of securities including equity shares, preference shares, mutual fund units, debt instruments, government securities. As a securities depository, they facilitate holding of securities in electronic form and enable securities transactions (including off-market transfer and pledge) to be processed by book entry. The DPs act as their agent and offer depository services to the BO of the securities. The Registrar and Transfer Agents (“RTAs”) and Clearing Members (“CMs”) are the other intermediaries involved in the process of issue and transfer of securities on their electronic platform.

**Corporates:** CDSL offer facilities to issuers to credit securities to a shareholder's or applicant's demat accounts to give effect to a range of non- cash corporate actions such as bonus issue, subdivision of holdings and conversion of securities in a merger, amalgamation or in an initial public offering.

**Capital Market Intermediaries:** CSDL offer KYC services in respect of investors in Indian capital markets to capital market intermediaries including to mutual funds.

**Insurance Companies:** CDSL offer facilities to allow holding of insurance policies in electronic form to the holders of these insurance policies of several insurance companies.

**Others:** CSDL also offer other online services such as e-voting, e-Locker, National Academy Depository, easi (Electronic Access to Security Information), easiest (Electronic Access to Security Information and Execution of Secured Transaction) drafting and preparation of wills for succession (myeasiwill) mobile application (myeasi, m-voting) and Transactions using Secured Texting (TRUST).

**Objects of the Issue**

- The objects of the offer are to achieve the benefits of listing the equity shares on NSE and for the sale of equity shares by the selling shareholders.
- Further, the company expects that listing of the equity shares will enhance its visibility and brand image and provide liquidity to its existing shareholders.
- The company will not receive any proceeds of the offer and all the proceeds of the offer will go to the selling shareholders in the proportion of the equity shares offered by them.

**Investment Positives**

- The Company has stable revenue base due to repeat business in multiple offerings in the Indian securities and financial services market.
- CDSL is India's leading securities depository with the highest share of incremental growth of BO accounts and second largest in terms of market share
- Convenient and dependable depository services at competitive prices for a wide range of securities & State-of-the-art technology and robust infrastructure and IT systems helps the company to efficiently manage business.

**Concern**

- The Offer comprises of an offer for sale by the selling shareholders. Accordingly, the proceeds from this offer will be remitted to the selling shareholders and CDSL will not receive any proceeds from the offer.

**Valuation**

- The issue has been offered in a price band of Rs 145-149 per equity share. At the upper price band of Rs 149 the stock is available at P/E of 18.14 (x) based on FY17 annualized EPS. We have "4 star" rating for the issue.
- We recommend subscribing to the issue.

**Financials (Rs. in Crores)**

Particulars	For the year ended				
	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
<b>Total Income</b>	186.85	161.34	145.47	122.82	124.05
<b>PBT</b>	116.56	131.31	80.8	48.98	51.01
<b>PAT</b>	86.25	91.07	57.52	49.35	49.93
<b>EPS (Rs.)</b>	8.21	8.71	5.52	4.72	4.78
<b>RONW (%)</b>	16.08	18.99	13.86	-	-

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