

EDUCATIONAL EQUITY RESEARCH REPORT ELECTION SPECIAL

CENTRAL DEPOSITORY SERVICES (INDIA) LTD.

(NSE : CDSL)

DATE 9/4/24



WE AT AS RESEARCH TECHNIC, INITIATE OUR COVERAGE ON CENTRAL DEPOSITORY SERVICES (INDIA) LTD. Central Depository Services Limited (CDSL) is a prominent financial institution based in India that serves as a central securities depository.

Established in 1999 and headquartered in Mumbai, Maharashtra, CDSL acts as an intermediary between investors and the stock market.

ABOUT THE BUSINESS :

Central Depository Services (India) Ltd. (CDSL) is an Indian central securities depository, founded in 1999. CDSL is the largest depository in India in terms of number of demat accounts opened. In February, CDSL became the first depository in India to open 60 million active demat accounts. As of March 2022, the depository holds assets worth ₹37.2 trillion, with over 580 depository participants associated with CDSL.

PROS :

- Company is almost debt free.
- Company has delivered good profit growth of 21.6% CAGR over last 5 years
- Company has a good return on equity (ROE) track record: 3 Years ROE 26.7%
- Company has been maintaining a healthy dividend payout of 52.6%
- Debtor days have improved from 31.6 to 24.8 days.
- Company's median sales growth is 16.5% of last 10 years

CONS :

- Stock is trading at 16.0 times its book value
- Promoter holding is low: 15.0%
- Promoter holding has decreased over last 3 years: -5.00%

FINANCIAL SNAP SHOT :

MARKET CAP	₹ 19,617 Cr.
STOCK P/E	55.6
ROE	23.8 %
CURRENT PRICE	₹ 1,892
BOOK VALUE	₹ 117
ROCE	30.3 %
HIGH	₹ 2,067
LOW	971
DIVIDEND YIELD	0.85 %
FACE VALUE	₹ 10.0

SHARE HOLDING PATTERN:

PROMOTERS	15.00%
FIIS	18.16%
DIIS	21.33%
PUBLIC	45.51%
NO.OF	7,77,030
SHAREHOLDERS	

RESEARCH ANALYST :

P.SUNANDINI

@ AS RESEARCH TECHNIC

KEY POINTS :

- CDSL ACHIEVED A SIGNIFICANT MILESTONE OF REACHING 8 CRORE DEMAT ACCOUNTS IN FY 2022-23, A GROWTH OF 6 CRORE ACCOUNTS IN 3 YEARS.
- THIS ACHIEVEMENT STANDS AS A TESTAMENT TO THE INDIAN SPIRIT IF AMBITION AND ACTION.
- CDSL FOLLOWS HIGHEST LEVEL OF TRANSPARENCY, COMPLIANCE AND ACCOUNTABILITY.
- NOT ONLY THEY ARE REGULATED , BUT ALSO SERVE AS A REGULATOR FOR THE DEPOSITORY PARTICIPANTS (DPs) , ENSURING INTERGRITY OF MARKET OPERATIONS AND INVESTOR PROTECTION.
- AS A RESPONSIBLE CORPORATE CITIZEN, CDSL ENGAGES IN CSR ACTIVITIES, DISBURSING FUNDS FOR SOCIALLY RELEVANT PROJECTS IN AREAS OF EDUCATION, HEALTH-CARE, ENVIRONMENTAL SUSTAINABILITY AND COMMUNITY DEVELOPMENT.
- THE COMPANY IS BLENDING TECHNOLOGY WITH A HUMAN TOUCH, RECOGNISING THAT BLEND EVERY INVESTMENT IS A DREAM, A HOPE AND A DESIRE FOR A BETTER TOMORROW.
- UNDER CDSL, THE INDIAN CAPITAL MARKETS HAVE WITNESSED PHENOMENAL GROWTH FROM FY 2015-17 TO FY 2022-23.
- THE GROWTH IN FINANCIAL SAVINGS LED TO THE GROWTH IN INDIAN CAPITAL MARKETS.
- THE MARKET CAPITALISATION OF SHARES LISTED ON THE EXCHANGES ACHIEVED AN IMPRESSIVE 14% CAGR DURING THE PERIOD FROM MARCH 2017 TO MARCH 2023

PEER COMPARISON :

Sector: Miscellaneous Industry: Miscellaneous

S.No.	Name	CMP Rs.	P/E	Mar Cap Rs.Cr.	Sales Qtr Rs.Cr.	ROCE %
1	BSE	2836.9	94.42	38404.9	426.1	13.23
2	NBCC	128	56.77	23040	1918.61	26.4
3	C D S L	1868.95	55.38	19530.51	214.48	30.32
4	Multi Comm. Exc.	3547	26217	18089.71	191.53	13.16
5	Cams Services	3152.7	49.71	15493.32	268.88	48.47
6	Indian Energy Ex	143.5	38.92	12795.78	115.3	51.79
7	Sheela Foam	1001.8	63.67	10889.29	878.89	13.59

- INDIA'S RISE IN MUTUAL FUNDS IS YET ANOTHER NOTEWORTHY TREND,DRIVEN BY GROWING HOUSEHOLD PARTICIPATION, FINANCIAL INCLUSION, RISING AWARENESS,AND EASY ACCESS TO BANKING SERVICES.
- ADDITIONALLY IN THE LAST FINANCIAL YEAR, CDSL INTRODUCED VARIOUS NEW INITIATIVES SUCH AS THE IMPLEMENTATION OF THE T+1 SETTLEMENT SYSTEM, WHICH PUTS INDIA AHEAD OF DEVELOPED AND EMERGING ECONOMIES.
- CDSL ALSO IMPLEMENTED THE DEMAT DEBIT AND PLEDGE INSTRUCTION (DDPI) SYSTEM,ENABLING SECURE TRANSFER AND PLEDGING OF SECURITIES.
- MOREOVER, THE COMPANY HAS ADDED MORE SOLUTIONS LIKE ELECTRONIC GOLD RECEIPENTS (EGR) AND MUTUAL FUNDS CENTRAL(MFC), STRENGTHENING THE COMMITMENT TO MAKING THE MARKETS SAFE,SECURE, AND SEAMLESS FOR THE STAKE HOLDERS.
- THE SHARE PRICE CAN GO UPTO 1998 IF IT BREAKS , 1938 ON THE UPPER SIDE.
- THE SHARE PRICE CAN GO UPTO 1628 IF IT BREAKS , 1657 ON THE LOWERSIDE.

PIVOT TABLE :

	SUPPORT				RESISTANCE			
DATE	S3	S2	S1	PIVOT	R1	R2	R3	PRV CLOSE
02-04-2024	1746.87	1777.933	1827.1	1858.13	1907.2667	1938.333	1987.4667	1837
01-04-2024	1641.33	1683.667	1760.3	1802.67	1879.3333	1921.667	1998.3333	1711.95
28-03-2024	1676.7	1690.85	1701.4	1715.55	1726.1	1740.25	1750.8	1686.05
27-03-2024	1582.7	1628.85	1657.5	1703.6	1732.2	1778.35	1806.95	1776.05
26-03-2024	1718.78	1747.417	1761.7	1790.37	1804.6833	1833.317	1847.6333	1787.35
22-03-2024	1719.4	1737.25	1762.3	1780.15	1805.2	1823.05	1848.1	1766.1

DISCLAIMER: INVESTMENT/TRADING IN SECURITIES MARKET IS SUBJECT TO MARKET RISK,PAST PERFORMANCE IS NOT A GUARENTEE OF FUTURE PERFORMANCE.THE RISK OF LOSS IN TRADING AND INVESTMENT IN SECURITIES MARKET INCLUDING EQUITIES AND DERIVATIVES CAN BE SUBSTANTIAL.