

**Price:** 1,242

**Recommendation:** Buy

**Industry:** Capital Markets

**Sector:** Financial Services

**Report Date:** 19-Apr-2025

Central Depository Services (India) Limited (CDSL) has shown strong growth, with a 26% increase in total income and a 21% rise in net profit for the December 2024 quarter. Over nine months, income and profit surged by 47%. CDSL focuses on technology and infrastructure, investing heavily to maintain a competitive edge. Its diversification strategies, including handling dematerialization and IPO revenues, mitigate market risks. CDSL aims to boost market participation and sustain growth.

Sales		Profit & Loss		Profitability Matrix	
Current Year	852 Cr	Operating Profit(Year)	522 Cr	Operating Profit Margin	61.3 %
Previous Year	451 Cr	Operating Profit(Quarter)	131 Cr	EBITDA Margin	57.98 %
Current Quarter	221 Cr	PAT (Year)	363 Cr	Net Profit Margin	56.7 %
Previous Quarter	248 Cr	PAT (Quarter)	105 Cr	EPS	22.9
Revenue (QYoY)	170 Cr				
Valuation Matrix		Growth(YoY)		Growth(QoQ)	
Trailing P/E	54.2	Sales Growth	53.7 %	Sales Growth	-10.89 %
PEG Ratio	1.60	PAT Growth	33.46 %	Sales Growth QYoY	30.0 %
EV/EBITDA	39.4	EPS Growth	31.61 %	PAT Growth	-38.6 %
P/B	21.5	Dividend Yield	0.76	PAT Growth QYoY	22.52 %
Capital Allocation		Holdings		Leverage	
RoE	34.2 %	Promoter	15.0 %	Debt/Equity	0.00
RoA	28.5 %	FII	11.3 %	Debt	0.25 Cr
RoCE	44.5 %	DII	15.4 %	Market Cap	25956 Cr
RoIC	144 %	Public	58.2 %	Enterprise value	25807 Cr
		No of Shares	20.9 Cr	Cash Equivalents	149 Cr

source : Company filings

## Company's Overview Based on Recent Concall and Performance:

Central Depository Services (India) Limited (CDSL) has demonstrated robust growth and strategic foresight in its recent quarterly performance. The company reported a 26% increase in total income for the December 2024 quarter, reaching INR 298 crores, and a 21% rise in net profit to INR 130 crores. Over a nine-month period, consolidated income surged by 47% to INR 944 crores, with net profit also climbing 47% to INR 426 crores. This growth is attributed to CDSL's commitment to enhancing the capital market ecosystem through efficiency, trust, and transparency. The company has been recognized for its innovative contributions, winning the Market Infrastructure of the Year Award at the 7th Regulation Asia Awards for Excellence 2024.

CDSL's strategic initiatives include a focus on technology and infrastructure to support long-term growth. The company has invested significantly in technology, with costs rising by 85% over nine months, following a 65% increase in the previous fiscal year. This investment is seen as essential for maintaining a competitive edge and ensuring the infrastructure can handle future demand surges. CDSL's approach is not to compete directly with rivals like NSDL but to create a value proposition that attracts stakeholders. The company aims to increase the percentage of the Indian population participating in the securities market from 7% to a higher figure, emphasizing financial inclusion and long-term sustainability.

The company's diversification strategies are evident in its handling of dematerialization for private companies and its revenue from IPOs and corporate actions. Despite a reduction in the number of IPOs from 111 in Q2 to 76 in Q3, CDSL saw an increase in revenue from these activities, highlighting the effectiveness of its strategies. The company also reported significant income from unlisted companies, with INR 7.47 crores earned in the quarter, including INR 4.76 crores as one-time processing income. This diversification is crucial for mitigating risks associated with market fluctuations and ensuring steady revenue streams.

Looking ahead, CDSL is poised for continued growth, driven by its strategic focus on technology and infrastructure. The company plans to maintain its investment in these areas to support future demand and enhance its service offerings. While the market conditions remain challenging due to geopolitical and economic factors, CDSL's long-term strategy and commitment to innovation position it well for future success. The company's proactive approach to technology investment and its focus on expanding market participation are expected to drive sustainable growth. However, there is room for improvement in aligning technology and employee costs with revenue growth to enhance profitability further.

CDSL Daily Closing One Year Price Chart



Name	Mar Cap (Rs. Cr.)	P/E	ROE	Sales(G) QoQ	Sales(G) QYoY	PAT(G) QoQ	PAT(G) QYoY
<b>BSE</b>	80291.72	85.82	15.20%	2.27%	95.20%	-36.78%	105.69%
<b>Multi Comm. Exc.</b>	28908.43	56.41	5.82%	5.53%	57.35%	4.18%	3091.40%
<b>C D S L</b>	25955.71	54.21	34.18%	-10.83%	30.31%	-38.69%	22.41%
<b>Cams Services</b>	19191.14	44.43	40.47%	1.65%	29.26%	2.26%	37.72%
<b>KFin Technolog.</b>	19028.98	59.09	24.47%	3.40%	32.60%	0.96%	34.94%

Aspect	Commentary
<b>Revenue</b>	The company experienced a significant revenue increase, with current year sales at 852 Cr compared to 451 Cr the previous year, indicating robust growth. However, a slight decline is noted in the current quarter compared to the previous quarter, suggesting potential seasonal or market fluctuations affecting short-term performance.
<b>Profit &amp; Loss</b>	Operating profit for the year stands at 522 Cr, with a quarterly figure of 131 Cr. The PAT for the year is 363 Cr, and 105 Cr for the quarter, reflecting strong profitability. The figures suggest efficient cost management and revenue generation, contributing to a healthy bottom line.
<b>Profitability Matrix</b>	The company exhibits strong profitability with an operating profit margin of 61.3%, EBITDA margin of 57.98%, and net profit margin of 56.7%. The EPS of 22.9 indicates solid earnings performance, reflecting effective operational strategies and cost control measures.
<b>Valuation Matrix</b>	The valuation metrics show a trailing P/E of 54.2, PEG ratio of 1.60, EV/EBITDA of 39.4, and P/B of 21.5. These figures suggest the company is valued at a premium, possibly due to its strong growth prospects and profitability, but may also indicate high market expectations.
<b>Growth (YoY)</b>	Year-over-year growth is impressive, with sales growth at 53.7%, PAT growth at 33.46%, and EPS growth at 31.61%. The dividend yield of 0.76% adds to shareholder value, indicating the company's commitment to returning profits to investors while maintaining growth momentum.
<b>Growth (QoQ)</b>	Quarter-over-quarter growth shows a decline in sales by 10.89% and PAT by 38.6%, though QYoY sales growth is 30.0% and PAT growth is 22.52%. This suggests short-term challenges but strong annual growth, highlighting the need for strategic adjustments to stabilize quarterly performance.
<b>Capital Allocation</b>	The company demonstrates efficient capital allocation with RoE at 34.2%, RoA at 28.5%, RoCE at 44.5%, and RoIC at 144%. These metrics indicate effective use of capital to generate returns, supporting sustainable growth and shareholder value creation.
<b>Holdings</b>	The shareholding pattern shows promoters hold 15.0%, FII 11.3%, DII 15.4%, and public 58.2%. This diverse ownership structure suggests a balanced investor base, potentially providing stability and reducing volatility in stock performance.
<b>Leverage</b>	The company maintains a strong financial position with a debt/equity ratio of 0.00 and minimal debt of 0.25 Cr. The market cap is 25956 Cr, and enterprise value is 25807 Cr, indicating a solid market presence and financial health, with ample cash equivalents of 149 Cr.

**Analyst viewpoint:** Central Depository Services (India) Limited (CDSL) has strategically positioned itself for robust growth in the short to mid-term, showcasing a substantial 53.7% year-over-year sales growth, operating profit margins exceeding 60%, and a notable rise in net profit year-to-year. The company's commitment to technology and infrastructure investments highlights its dedication to maintaining a competitive edge, vital for future demand surges. CDSL's diversified revenue streams, including its handling of IPOs and corporate actions, further solidify its market position. The recent quarterly performance encapsulates a commendable 26% increase in total income and a 21% rise in net profit, reflecting the effectiveness of its strategic initiatives.

Moreover, CDSL's valuation suggests a strong market presence with a trailing P/E of 54.2 and impressive returns on capital measures such as RoE, RoA, and RoCE. The firm's technology-driven approach, coupled with its focus on expanding market participation, sets a promising trajectory for investor value enhancement despite prevailing economic challenges. However, while annual growth remains strong, the company experienced a slight quarterly decline in sales, indicating potential areas for strategic adjustment to ensure consistent quarterly performance. This holistic strategy underpins our bullish stance on CDSL, setting expectations for its continued success and market leadership.

Please read detailed disclosure on next page.





**Terms & Conditions:**

These Terms and Conditions govern the use of the research subscription services provided by GOALZEN CAPITAL SERVICES PRIVATE LTD ("GoalFi" or "We"). By subscribing to our services, you agree to these terms, if you disagree with any part of the terms, you must not use our services.

**Payment and Renewal:**

The subscription fee is non-refundable. No such requests over email or any other channel requesting for refund or for pro-rata refund will be acknowledged if smallcase constituents or research provided is accessed by the user. Please do not subscribe if you disagree with any part of the terms. Subscription renewals will be charged the standard rate unless otherwise notified.

**Limitation of Liability:**

GoalFi provides research based on data and analysis. The subscriber acknowledges that all investment decisions carry inherent risks, and GoalFi shall not be liable for any losses incurred based on our research.

**No Investment Advice:**

The content provided under the subscription is purely for informational purposes and should not be construed as investment advice. GoalFi, being a SEBI Registered Research Analyst (RA), provides research insights and not investment advisory services.

**Termination:**

GoalFi reserves the right to terminate the subscription at any time due to non-compliance with these terms or any other reasons deemed appropriate by us and no refund will be made.

**No Guarantee:** While we strive to provide accurate and reliable research, there is no guarantee on the returns or performance of the recommendations. Investing in securities involves risks, and there's the potential for losing money.

**Review and Update:** Our research products are reviewed and updated periodically to reflect the latest market conditions and insights. However, market conditions can change rapidly, and there's no guarantee that the conditions on which recommendations and insights are based will remain the same.

**Research Analyst Details:**

Name: Robin Arya

Email: [smallcase@goalfi.in](mailto:smallcase@goalfi.in)

Contact: +91-9394306085

GOALZEN CAPITAL SERVICES PRIVATE LIMITED

CIN: U66190TS2023PTC176030

Address: Co ikeva Office 10, Level 3, NSL Centrum, Serene Estate Pvt Ltd, Site No. Phase I and II, Opp KPHB Colony Lane Opp. Forum Mall Kukatpally, HYDERABAD, TELANGANA, 500072

Support Telephone: +91 9063309052, Support Email – [support@goalfi.in](mailto:support@goalfi.in)

Customer having any query/feedback/ clarification/ In case of grievances for any of the services rendered by GOALZEN CAPITAL SERVICES PRIVATE LIMITED, write to [hello@goalfi.app](mailto:hello@goalfi.app)

Website: [goalfiresearch.smallcase.com](http://goalfiresearch.smallcase.com)