

Analyst viewpoint: Central Depository Services (India) Limited (CDSL) continues to demonstrate strong performance, characterized by significant quarterly growth metrics and robust capital allocation. The company's sales growth of 25.29% QoQ, coupled with a 20.9% increase in profit after tax, underscores its effective market strategies and operational excellence. With a trailing P/E ratio of 58.4 and a high PEG ratio of 1.95, CDSL is positioned as a valued investment with promising growth potential. The company excels in capital efficiency, boasting a return on equity of 31.3% and a return on capital employed of 40.2%, which highlights its strategic use of capital to fuel expansion and shareholder value. Peer comparison indicates CDSL maintains a competitive edge, particularly in its advanced digital initiatives, enhancing its position in the financial services sector.

Though the growth outlook is very promising, CDSL is approaching a pivotal phase with the planned pricing adjustments slated for October that could potentially impact profitability. Despite this, their proactive ventures, including technology upgrades and strategic engagements, indicate adaptive strength and an eye for sustained expansion. This aligns with their ongoing commitment to innovation and market expansion as highlighted in recent concall summaries. However, in the interest of fortifying investor confidence, the company would benefit from increased transparency and detail in communicating its future strategies. Overall, CDSL's strategic foresight and robust financial architecture render it a compelling buy for the short to mid-term.

Please read detailed disclosure on next page.