September 2025

Initiating Coverage | Sector: Financials – Capital Market

NSDL

Shaping Tomorrow's Capital Markets

Research Analyst: Prayesh Jain -(Prayesh.Jain@MotilalOswal.com) | **Nitin Aggarwal** (Nitin.Aggarwal@MotilalOswal.com)
Research Analyst: Kartikeya Mohata (Kartikeya.Mohata@MotilalOswal.com) | **Muskan Chopra** (Muskan.Chopra@MotilalOswal.com)

Shaping Tomorrow's Capital Markets

- The opportunities for the entire Indian capital market ecosystem over the next decade, with a rising financialization trend but low penetration (demat penetration at 15% vs 60%+ in the US), continue to be immense (highlighted in our capital market thematic report). NSDL – the first depository of the country – is uniquely positioned to benefit from this trend, capturing both the breadth of new retail investors entering the system and the depth of rising custody value from institutional and corporate issuers.
- NSDL dominates in institutional, custodian, and large corporate accounts, resulting in revenue per active account at ~INR157 in FY25 — nearly 3x that of CDSL. The institutional skew offers more stable revenue pools linked to custody value rather than purely transaction volumes, underpinning resilience across market cycles.
- We expect a revenue/EBITDA/PAT CAGR of 5%/14%/15% over FY25-28. Given the duopoly nature of the industry and NSDL's superior pricing power, depositories deserve premium valuations. However, we believe the stock is fairly valued, and all the positives are priced in at current levels. Hence, we initiate coverage on NSDL with a Neutral rating and a one-year TP of INR1,200 (premised on ~45x FY28E P/E).

NSDL

BSE Sensex	NIFTY
82,381	25,239

NSDL
Technology, Trust & Reach

CMP: INR1,298 **TP: INR 1,200 (-8%)** **Neutral**

Stock Info	
Bloomberg	NSDL IN
Equity Shares (m)	200
M.Cap.(INRb)/(USDb)	259.7 / 2.9
52-Week Range (INR)	1425 / 880
1, 6, 12 Rel. Per (%)	8/-/-
12M Avg Val (INR M)	14225
Free float (%)	100.0

Financial Snapshot (INR b)

Y/E March	2025	2026E	2027E
Revenue	14.2	13.1	14.6
YoY growth (%)	12.0	-7.6	11.3
EBITDA	3.8	3.8	4.6
EBITDA Margin (%)	26.4	28.9	31.6
PAT	3.4	3.6	4.3
PAT Margin (%)	24.0	27.5	29.6
EPS	17.0	18.0	21.6
EPS Grw. (%)	23.1	5.9	19.8
BVPS	100.3	117.5	138.3
RoE (%)	18.5	16.6	16.9
Div. Payout (%)	4.8	5.5	4.6
Valuations			
P/E (x)	76.2	71.9	60.0
P/BV (x)	12.9	11.1	9.4

Shareholding Pattern (%)

As On	Jun-25
Promoter	0.0
DII	44.4
FII	15.6
Others	40.0

FII Includes depository receipts

Shaping Tomorrow's Capital Markets

Building strong relationships with overlay of robust technology

- **The opportunities for the entire Indian capital market ecosystem over the next decade, with a rising financialization trend but low penetration (demat penetration at 15% vs 60%+ in the US), continue to be immense (highlighted in our capital market thematic report). NSDL – the first depository of the country – is uniquely positioned to benefit from this trend, capturing both the breadth of new retail investors entering the system and the depth of rising custody value from institutional and corporate issuers.**
- **NSDL dominates in institutional, custodian, and large corporate accounts, resulting in revenue per active account at ~INR157 in FY25 — nearly 3x that of CDSL. The institutional skew offers more stable revenue pools linked to custody value rather than purely transaction volumes, underpinning resilience across market cycles.**
- **NSDL services the widest base of issuers in India, including ~70%+ of unlisted corporates mandated to dematerialize. This not only generates stable, recurring issuer charges but also creates a sticky moat, as issuers rarely migrate once demat systems are embedded. The potential growth for this is large, as the unlisted market in India continues to grow at a healthy pace.**
- **NSDL has stepped up its focus on investor engagement by expanding partnerships with fintech brokers, enabling digital onboarding and account opening in tier 2/3 cities, which has resulted in a rise in incremental demat market share over the past few months (10% in Aug'24 to 17% in Aug'25). However, it is still lower than the demat account market share of ~20%, indicating further headroom for market share expansion and growth.**
- **NDML (KRA, insurance repository) and NPBL (payments bank) position NSDL beyond a pure-play depository. While the contribution to net profit from these subsidiaries is currently less than 10%, these adjacencies provide accretive growth drivers and diversification opportunities from the core depository business.**
- **We expect a revenue/EBITDA/PAT CAGR of 5%/14%/15% over FY25-28. Given the duopoly nature of the industry and NSDL's superior pricing power, depositories deserve premium valuations. However, we believe the stock is fairly valued, and all the positives are priced in at current levels. Hence, we initiate coverage on NSDL with a Neutral rating and a one-year TP of INR1,200 (premised on ~45x FY28E P/E).**

Depositories – catalysts to the transformation of India's capital markets

- The depository industry has been at the core of India's capital market transformation. Since the advent of dematerialization in the mid-1990s, it has enabled a seamless shift from paper-based securities to a fully digital ecosystem, enhancing transparency, efficiency, and investor confidence.
- Continuous technology upgrades and the surge in retail participation driven by fintech-led discount brokers, digital KYC, and UPI-enabled IPO applications have propelled demat accounts from ~40mn in FY20 to over 205mn by Aug'25. Yet penetration remains only ~15% of India's population, far below the US (~60%+) and China (~15–20%), underscoring the long runway ahead.
- Cash market ADTO expanded structurally, rising from ~INR213b in FY15 to over INR1t in FY25, supported by robust retail flows and a healthy IPO pipeline. Elevated delivery-based volumes provide a durable uplift to transaction-linked revenues. At the same time, with household equity allocation still just ~6% in FY25, the industry stands to benefit from further financialization of savings in an underpenetrated market.

- Apart from underpenetration, issuer activity adds another structural lever for the industry. SEBI's 2018 mandate requiring unlisted public companies to dematerialize their securities has expanded the issuer universe significantly, while IPO activity continues to funnel new companies and investors into the system.
- At the intersection of household financialization and capital market deepening, the depository industry is poised for sustained growth. Low penetration, expanding regulatory scope, elevated cash market volumes, and technology-led service innovation ensure a resilient and scalable operating environment for depositories over the coming decade.

Structural levers of the core depository business

- NSDL's core depository business benefits from multiple structural drivers that underpin both revenue growth and profitability. These levers are anchored in account growth, issuer expansion, custody value, and sustained transaction activity.
- In terms of demat accounts, NSDL has a market share of ~20% as of Aug'25, which has declined from 48% in FY20. However, with its continuous engagement with discount brokers and strengthening foothold amongst traditional/bank-based brokers, the incremental market share has moved up from 10% in Nov'24 to 17% in Aug'25. We expect the momentum to be sustained over the medium term.
- Custody fees and annual issuer charges – which are linked to value under custody and number of issuers – contributed ~48% of standalone revenue in FY25, providing predictable and recurring income streams. With ~79,700 unlisted companies registered on its platform (versus ~35,900 for CDSL), NSDL enjoys a wide issuer base that further enhances revenue stability.
- NSDL has been a direct beneficiary of the strong expansion in cash market volumes as well as the rise in IPO activity through transaction-linked revenues such as trade settlement, pledge/hypothecation, and corporate action processing. These revenues contributed ~58% of standalone income in FY25, and we expect the contribution to remain in a similar range going forward.
- The business exhibits strong operating leverage, as incremental revenues from custody value, issuers, and transactions flow through with minimal cost addition. Standalone EBITDA margin stood at ~53% in FY25, and we expect the same to improve to ~58% in FY28.

Subsidiaries provide diversification and earnings optionality

- Beyond its core depository business, NSDL has developed meaningful adjacencies through its subsidiaries — NSDL Database Management Ltd. (NDML) and NSDL Payments Bank Ltd. (NPBL). Together, these entities contributed ~55% of consolidated revenues in FY25, underscoring their rising importance in NSDL's overall business mix.
- NDML is one of the leading KYC Registration Agencies (KRAs) in India, playing a pivotal role in investor onboarding across capital markets. With SEBI tightening KYC norms and enforcing centralized validation, KRAs are expected to see rising volumes and increased compliance-linked revenues, benefiting NDML disproportionately, given its scale.
- NDML also manages the insurance repository business, enabling policyholders to hold insurance policies in electronic form. While the contribution to revenue is not meaningful, the company is one of the four players in the industry. These

businesses diversify NDML's revenue pool and leverage its expertise in secure data management. In FY25, NDML delivered strong profitability, with EBITDA margin exceeding 35%, highlighting its high operating leverage and scalability.

- NSDL launched NPBL in 2018 to strengthen its role in India's digital payments ecosystem. NPBL is authorized to provide basic banking services, digital wallets, and payment solutions, while also acting as the nodal bank for the UPI-based IPO applications – a fast-growing use case directly linked to NSDL's core business.
- Profitability in NPBL remains a work in progress, given the competitive and thin-margin nature of payments and continued investments in building scale and technology. The company became profitable in FY23 and maintains a <1% PAT margin. Nevertheless, its strategic relevance is significant: by acting as the banking backbone for IPO subscriptions and other market-linked payment flows, NPBL reinforces NSDL's systemic integration within capital markets.

Valuation and view

- With its leadership in depository services, robust infrastructure, scale advantages, affluent client base, and strategic subsidiaries, NSDL is well-positioned to capitalize on market growth.
- We expect NSDL to deliver a revenue/EBITDA/PAT CAGR of 5%/14%/15% over FY25-28, reflecting the company's strong market position, diversified revenue streams, and growth potential in India's expanding capital markets. The company's operational efficiencies and tech-led scale-up are expected to improve its EBITDA margin over the same period.
- Given the duopoly nature of the industry and NSDL's superior pricing power, depositories deserve premium valuations. **However, we believe the stock is fairly valued, and all the positives are priced in at current levels. Hence, we initiate coverage on NSDL with a Neutral rating and a TP of INR1,200 (premised on ~45x FY28E P/E).**
- Prolonged weak market sentiment or tighter regulatory interventions on fee structures could weigh on transaction volumes and pressure monetization, leading to lower-than-expected earnings growth. However, a sharper-than-expected rise in retail participation, stronger IPO activity, or any favorable regulatory stance on pricing could accelerate revenue and drive faster earnings growth than our estimates.

STORY IN CHARTS

Company snapshot

About the company

India's first depository, established in 1996, enables dematerialization and settlement of securities. NSDL is the largest custodian of securities by value.

Business model

Dual revenue streams – 1) recurring (annual issuer charges, custody fees, and account services) and 2) transaction-linked (settlement, pledge, corporate action charges)

Market position

Duopoly industry; 20.2% market share in demat accounts (Aug'25); 87% market share of demat custody value; 69.5% market share of registered issuers; 65.6% market share of active instruments; 97% market share of debt securities

Operational parameters

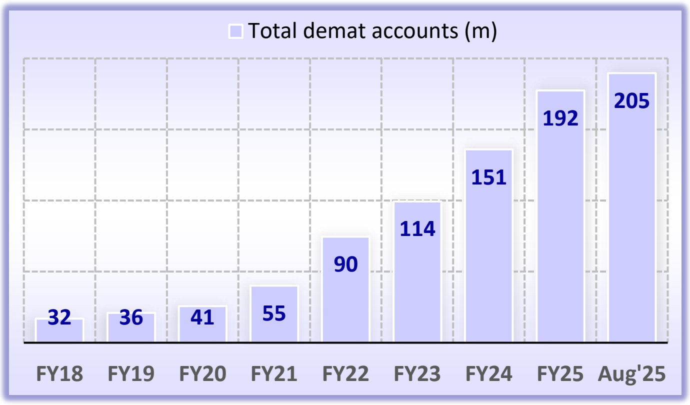
41.4m demat accounts
99,207 registered issuers
299 depository participants
INR497.5t demat custody value

Financial parameters

Revenue CAGR: 34% (FY20-25)
EBITDA CAGR: 25% (FY20-25)
PAT CAGR: 22% (FY20-25)
FY25 RoE: 18.5% (FY20 RoE: 15.8%)

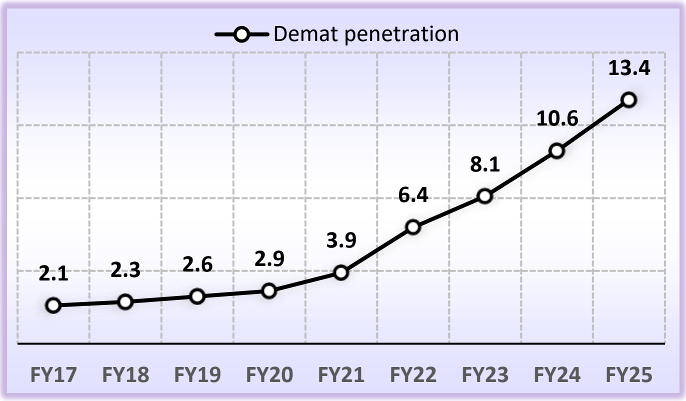
Source: Company, MOFSL

Strong growth in demat accounts post-FY20…



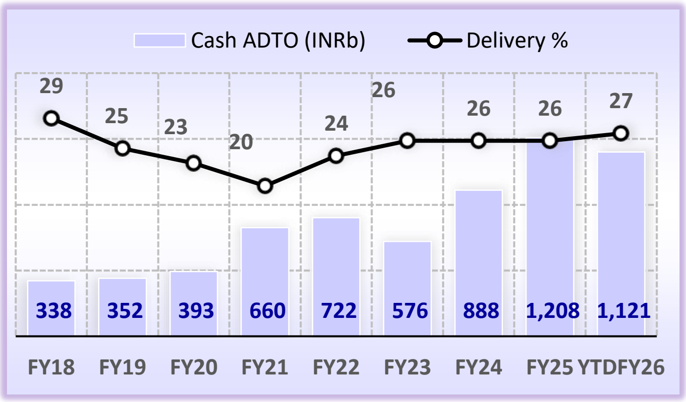
Source: NSDL, CDSL, MOFSL

…but penetration still remains low



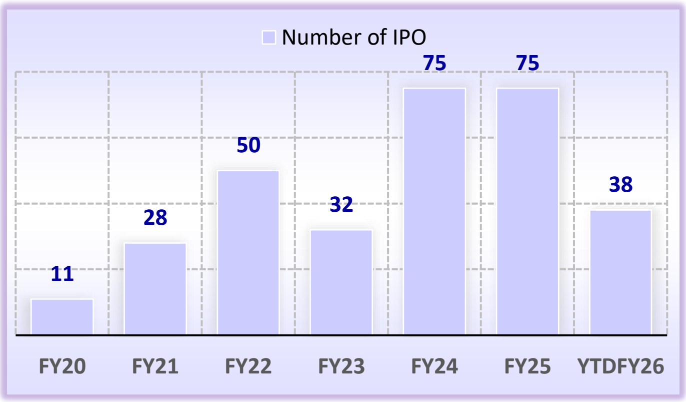
Source: Company, MOFSL

Cash volumes continue to grow with a healthy delivery %



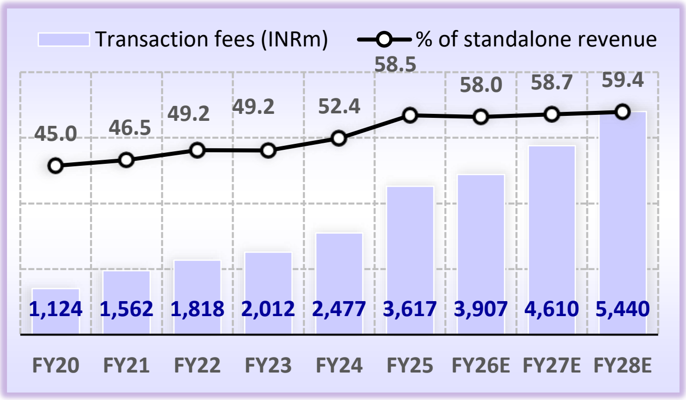
Source: NSE, BSE, MOFSL

Strong IPO activity since FY24

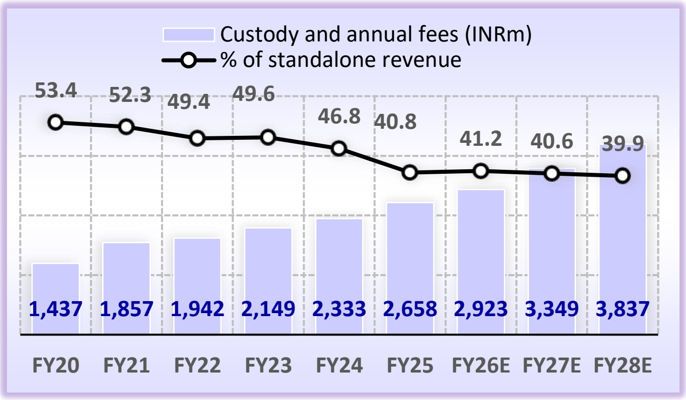


Source: Moneycontrol, MOFSL

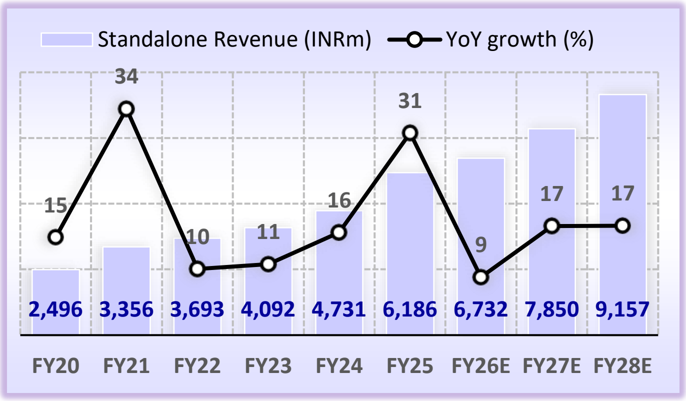
NSDL's transaction fees to maintain the growth momentum…



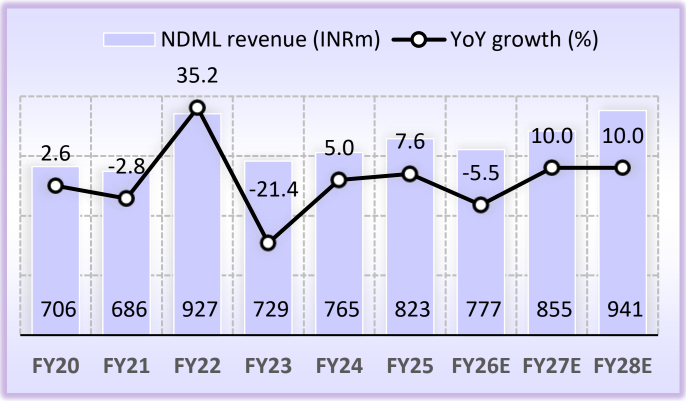
…along with recurring revenue through custody fees



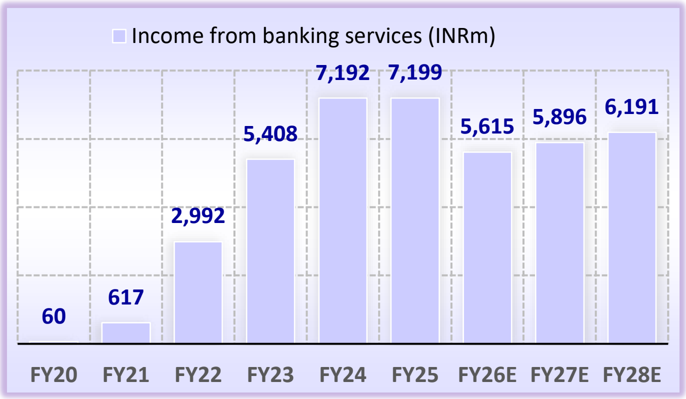
Standalone revenue growth to recover from FY27



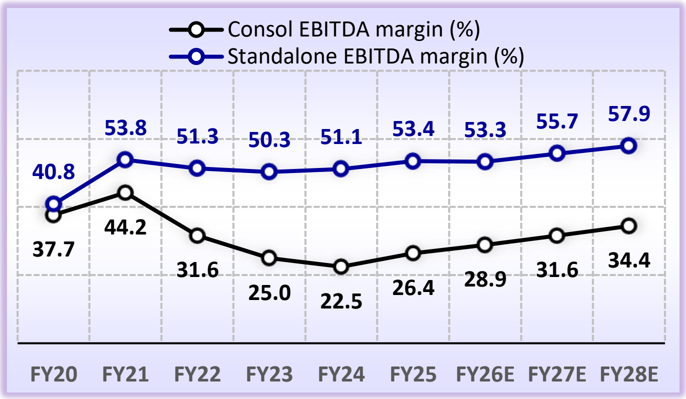
NDML's revenue growth to stabilize in FY27



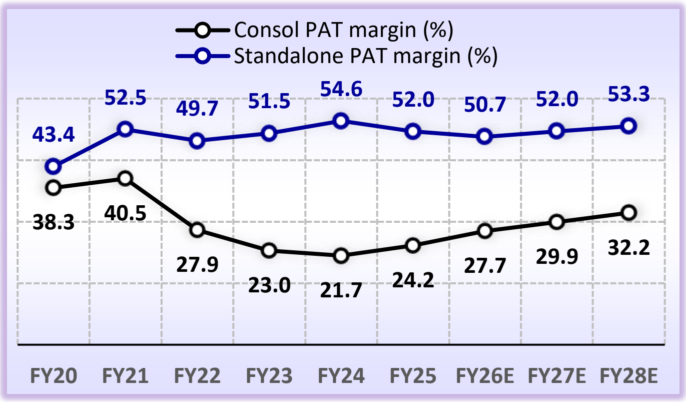
Banking revenue growth to stabilize post decline in FY26



EBITDA margin to continue improving

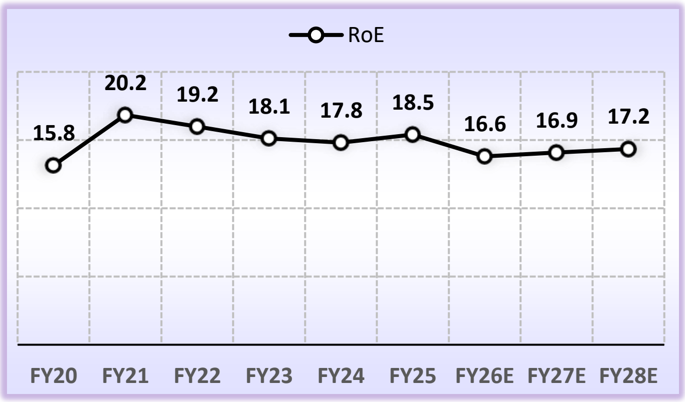


Consolidated PAT margin to remain stable



Source: Company, MOFSL

RoE to be in the mid-to-high-teen level



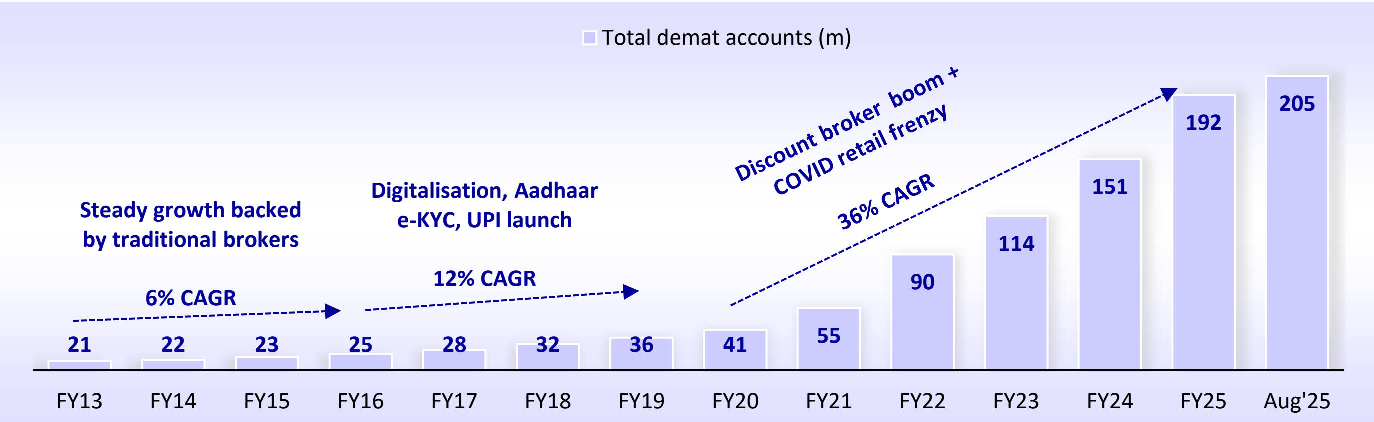
Source: Company, MOFSL

Depository industry – a play on rising retail equity penetration

Transformation from physical to digital

- Depositories are a key node of the entire capital market ecosystem, as they perform the role of dematerializing and safeguarding securities of investors. Over the years, the role has widened to many other aspects, such as Consolidated Account Statement (CAS), e-AGM, e-Voting, and KYC, et al.
- The industry has seen several regulatory changes over the past two decades, which have required significant technological development over the years. Until the early 1990s, settlement cycles used to be 10-14 days long. The urgent need to shift to electronic settlement owing to multiple problems with physical shares, like theft and delay in transfer, led to the setting up of the first depository – NSDL, which pioneered the dematerialization of securities in November 1996. The setting up of CDSL in 1999 led to the formation of a duopoly industry.
- In less than three years (1996-99), India transformed almost 51% of market capitalization and 94% of settlements into demat form, becoming one of the fastest countries to do so.
- The transformation led to several benefits, such as 1) a wide DP network, 2) a wide spectrum of securities available for demat, 3) elimination of risks associated with physical certificates, 4) immediate transfer of securities, 5) a faster settlement cycle, and 6) ease in portfolio monitoring.
- The growth of the depository market is linked to several factors, such as rising participation from investors, rising digital services that are being provided by brokers and depositories, reducing the cost of transactions, rising awareness about capital markets, etc. Demat accounts posted a CAGR of 23% over FY15-25. Backed by the rising fintech adoption from FY20, demat accounts clocked a CAGR of 36% over FY20-25 and stood at 205m as of Aug'25.
- Going forward, rising retail participation, a sustained growth trend in the number of companies, and expansion into newer services, along with a boost from the regulator, will drive growth of the depository industry.

Exhibit 1: A gradual surge in demat accounts as the capital market ecosystem witnessed multiple changes



Source: NSDL, CDSL, MOFSL

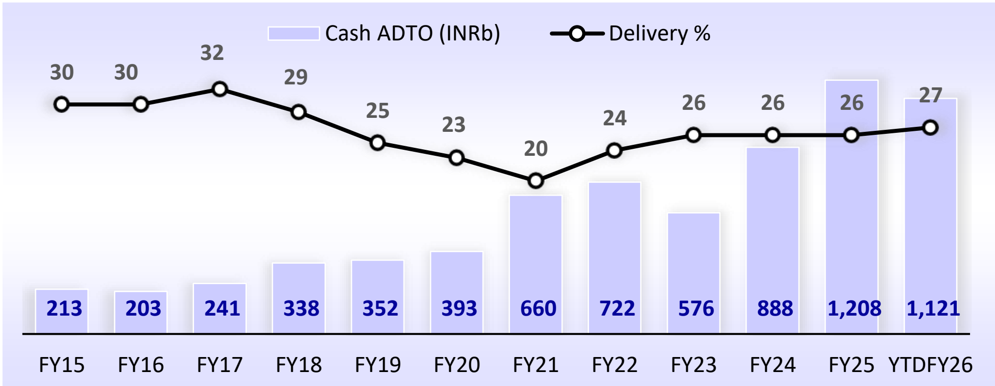
Revenue model of depositories

- Standalone income of depositories in India posted a CAGR of ~22.4% during FY18-25, and it stood at INR17.2b in FY25. Revenue of depositories majorly constitutes transactional charges, custodial charges, and annual charges. Other value-added services include pledge of securities, distribution of non-cash benefits (such as bonuses, IPOs, etc.), stock lending, et al.
- Two major sources of revenue are custody fees and transaction charges. Annual and custody fees are more stable and recurring revenue sources, as they are less dependent on the market cycle as compared to revenue from transaction charges.

Transaction charges – linked to rising volumes in the cash market

- Transaction charges are levied on every delivery and sale transaction in the cash segment and are charged to DPs and corporate clients. The charges are fixed and are under the ambit of the regulator. Hence, the revenue linkage is directly related to growth in cash volumes and demat penetration.
- In FY25, transaction revenue contributed 51.6% and 49.5% to the standalone revenue of NSDL and CDSL, respectively.
- Cash volumes accelerated post-FY20, led by strong retail participation with discount brokers gaining traction, boosting transaction-linked revenues for the industry. Cash ADTO clocked a CAGR of 19% over FY15-25 (FY20-25 CAGR at 25%), with delivery volumes largely ranging between 20-30% of cash volumes.

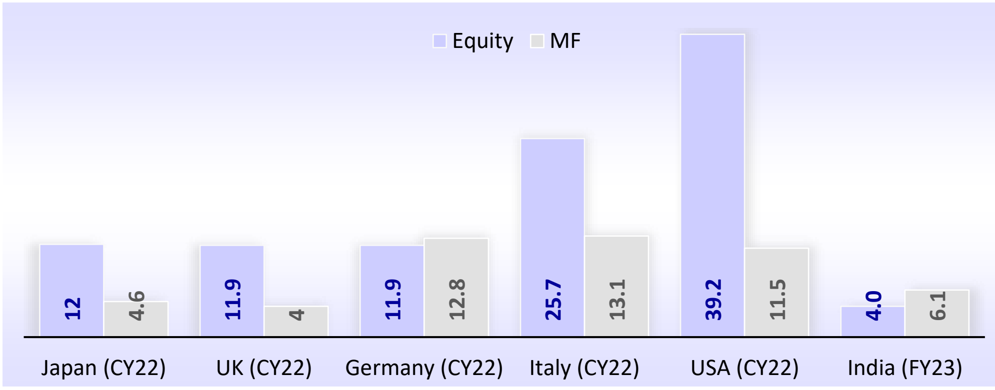
Exhibit 2: Robust cash volumes boosted the growth of transaction-linked revenue



Source: SEBI, NSE, BSE, MOFSL.

- Indian households have traditionally preferred physical assets and low-risk financial assets. However, over the last few years, there has been a visible shift towards market-linked instruments through mutual funds as well as direct investments. Allocation to MF has increased from 2.6% in FY20 to 7% in FY25, while for equities, it has increased from 1.1% in FY20 to 6% in FY25.
- However, allocation to equities remains relatively low compared to global peers, indicating significant headroom for growth in volumes, which will benefit the capital market ecosystem, including depositories.

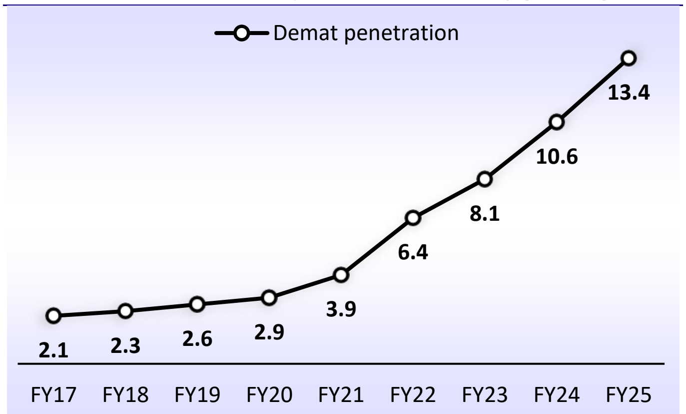
Exhibit 3: Share of MF and equity investments in financial assets low vs. peers



Source: RBI, Company, MOFSL.

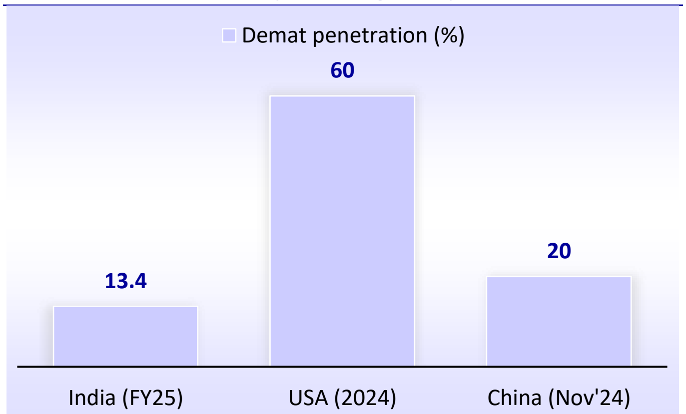
- While the spike in demat accounts has resulted in a gradual surge in penetration to 13.4% of India's population in FY25 (from 2.1% in FY17), it is still low compared to the 60-70% penetration levels in developed markets, indicating further headroom to grow.

Exhibit 4: Demat account penetration steadily growing…



Source: Company, MOFSL

Exhibit 5: …but low compared to global peers



Source: Company, MOFSL

Exhibit 6: Industry sizing – significant headroom to improve the demat penetration further

FY25	Demat account growth	FY30	
		Demat A/C (m)	Penetration (%)
192m demat accounts, 13.4% penetration	10% CAGR	309.2	19.6
	20% CAGR	477.8	30.3
	30% CAGR	712.9	45.2

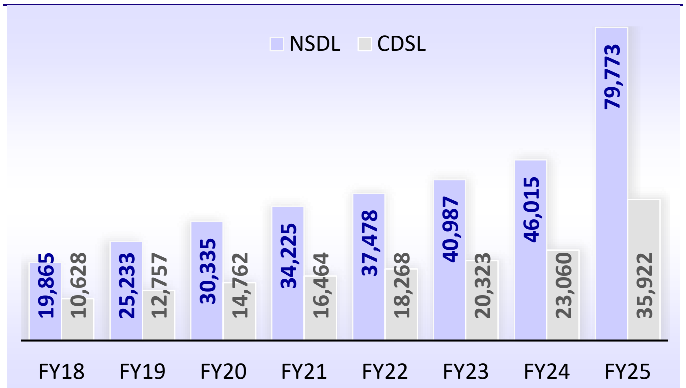
Source: NSDL, CDSL, MOFSL.

Custody charges – linked to dematerialization of shareholding and IPOs

- Annual custody/issuer charges are fixed by the regulator and are payable by the issuer/companies registered with the platform. According to SEBI, issuers must pay an annual custodial fee to the depositories at the rate of INR11 per folio (ISIN positions). Hence, this revenue is recurring in nature, with growth being linked to the number of companies on the platform.
- The surge in primary market activity from 11 IPOs in FY20 to 75 IPOs in FY25 has been a strong tailwind driving growth in the number of issuers as well as expansion in the investor base.

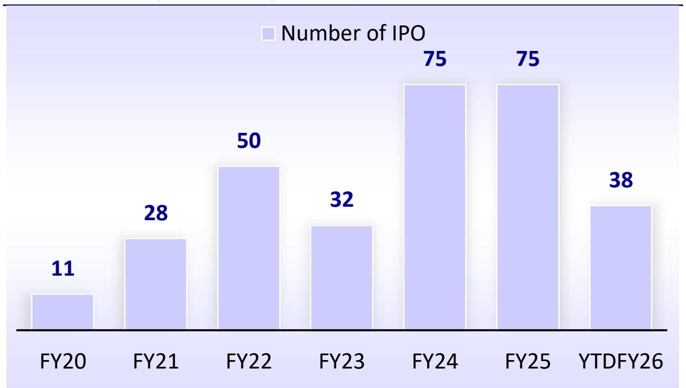
- India has a large pool of unlisted public companies that are gradually transitioning to dematerialization (45,000+ companies registered on depository platforms in FY25). Additionally, according to the MCA notification in Oc'18, all unlisted public companies (except government companies, Nidhi companies, and wholly owned subsidiaries) have to compulsorily get their securities dematerialized.
- The depository industry is therefore positioned to benefit from the steady flow of new issuers mandated to dematerialize their securities. The regulatory push, combined with rising awareness among corporates, creates a long-term growth driver for the industry as a whole.

Exhibit 7: Number of issuers on depository platforms



Source: Company, MOFSL

Exhibit 8: Surge in listing activity since FY24



Source: Moneycontrol, MOFSL

Other revenue opportunities

- Depositories have been diversifying their revenue streams by facilitating allied services like instant LAS, providing a platform for conducting e-voting and AGM, database management, etc. Apart from these value-added services, new business opportunities like insurance repositories, record keeping, KYC, etc., provide the option to diversify.
- **Insurance repository**

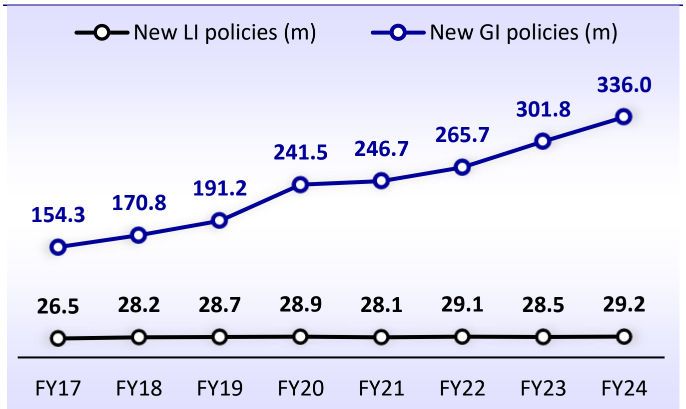
➢ IRDAI has mandated electronic issuance and dematerialization of all new insurance policies in an electronic insurance account maintained by an insurance repository.

➢ The system enables policyholders to buy and keep insurance policies in electronic form and eliminate paper and associated risks. The repositories are paid directly by the insurers, and policyholders are not charged. The revenue model of insurance repositories is based on new policy issuance, existing policy conversion, and annual maintenance charges to insurers.

➢ At the end of FY24, ~18m policies have been dematerialized. With ~25-30m policies generated by all life insurance companies every year, there is a huge opportunity that is yet to be filled by insurance repositories.

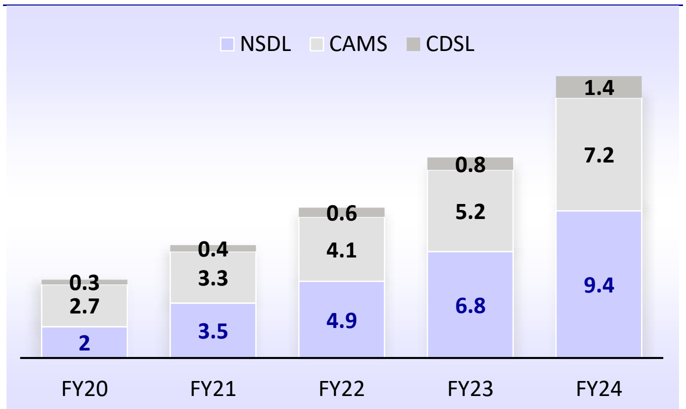
➢ Currently, four insurance repositories are operating in the country – National Insurance Repository (NSDL), CAMS Repository, Centrico Insurance Repository (CDSL), and Karvy Insurance Repository.

Exhibit 9: Tremendous scope for repositories in India



Source: Company, MOFSL

Exhibit 10: Cumulative count of dematerialized policies (m)



Source: Company, MOFSL

- **KYC Registration Agency (KRA)**
  - KRAs facilitate registration and maintenance of KYC records, inquiry of KYC status, and download of KYC information to intermediaries. They operate like a depository of KYC records, providing a single point of updation and access for investors and intermediaries.
  - Maintenance of KYC of investors in the KRA system is mandatory for SEBI-registered intermediaries. The KRA system significantly reduces the efforts in the repeated KYC process and also ensures consistency and market-wide updation of KYC records.
  - Currently, there are five KRAs in the country – NSDL Database Management, CAMS Investor Services, NSE Data and Analytics, Karvy Data Management, and CDSL Ventures.
  - Growth of KYC records is closely linked to the growth of investor participation in securities markets.

Regulatory initiatives to aid penetration and participation

- **Application Supported by Blocked Amount (ASBA)** is a mechanism used for applying to IPOs and FPOs, creating a direct channel for the flow of funds between the clearing corporation and investors, ensuring fraud reduction.
- **The T+1 settlement cycle** was implemented in 2023 from the earlier T+2 settlement cycle in view of operational efficiency, faster fund remittances, quicker share delivery, and ease of market participants. NSDL has implemented T+0 settlement in a phased manner, placing India among the select countries to achieve such an efficient settlement system.
- SEBI has, over the past, systematically looked to make the capital markets a safer and secure industry for investors. The regulator has, over time, introduced many newer regulations and evolved the existing ones. Initiatives taken by financial regulators towards financial education would empower investors in making informed decisions and encourage participation in the market.

As of 31st Mar'25, NSDL has been the largest depository in India in terms of the number of issuers, number of active instruments, market share in demat value of settlement volume, and value of assets held under custody.

Company overview

- NSDL is India's first depository, established in 1996 to facilitate the transition of Indian capital markets from physical to electronic settlement. The company offers depository services for a wide range of securities, including equity shares, debt instruments, mutual fund units, government securities, and alternative investment funds.
- The core functions of NSDL include 1) maintaining allotment and transfer of ownership records; 2) facilitating asset safekeeping and servicing; and 3) transaction execution and other additional services such as e-voting, consolidated account statements, et al.
- The business model is designed to capture both recurring and transaction-linked revenues. Key revenue streams include 1) annual fees – annual fees charged from depository participants (DPs) and issuers for providing services; 2) custody fees – charged from issuers based on the number of folios; and 3) transaction fees – charged from DPs for securities settlements and corporate actions.
- As of 31st Mar'25, NSDL is the largest depository in India in terms of the number of issuers, number of active instruments, market share in demat value of settlement volume, and value of assets held under custody.
- In addition to its core depository services, NSDL has built adjacent businesses through its subsidiaries – NDML, which manages services such as KRAs and Insurance Repository, and NPBL, which provides digital payment solutions.

Exhibit 11: Company snapshot

About the company	Business model	Market position	Operational parameters	Financial parameters
India's first depository, established in 1996, enables dematerialization and settlement of securities. NSDL is the largest custodian of securities by value.	Dual revenue streams – 1) recurring (annual issuer charges, custody fees, and account services) and 2) transaction-linked (settlement, pledge, corporate action charges)	Duopoly industry; 20.2% market share in demat accounts (Aug'25); 87% market share of demat custody value; 69.5% market share of registered issuers; 65.6% market share of active instruments; 97% market share of debt securities	41.4m demat accounts 99,207 registered issuers 299 depository participants INR497.5t demat custody value	Revenue CAGR: 34% (FY20-25) EBITDA CAGR: 25% (FY20-25) PAT CAGR: 22% (FY20-25) FY25 RoE: 18.5% (FY20 RoE: 15.8%)

Source: Company, MOFSL

Operating in a duopoly market

Despite holding only ~20.2% market share in demat accounts, the company has maintained a dominant position in custody value, commanding ~86.6% of the total.

- The depository market in India is highly concentrated, dominated by two players—National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL)—which together account for the entire market. This duopolistic arrangement has remained stable for over two decades, supported by strong regulatory oversight, high infrastructure costs, and backing from large institutions.
- The duopolistic structure enables both depositories to leverage scale efficiencies without the pressures of fragmented competition. This environment supports sustained investments in technology and process innovation, such as blockchain-based platforms, while also fostering disciplined pricing practices and ensuring relatively stable operating margins.
- Within this duopolistic framework, NSDL has historically maintained a leadership position, having pioneered the concept of dematerialization in India. Among the depositories, NSDL holds a dominant market share in dematerialization, with ~69% of the companies available for demat as of FY25, compared to CDSL's ~31%. It also leads in terms of the quantity (~85.1%) and value of securities (~86.8%) held in demat form as of Mar'25.
- As of Aug'25, NSDL accounted for ~41.4m demat accounts vs CDSL's ~163.2m, reflecting a market share of ~20.2% in terms of accounts. Nevertheless, NSDL continues to demonstrate clear leadership on value metrics, with an ~86.6% share of overall demat custody value, underscoring its dominance in servicing larger and more institutional holdings.
- NSDL's competitive strength lies in its entrenched relationships with large institutional investors, custodians, and foreign portfolio investors, providing stability and sticky revenue streams. Meanwhile, CDSL has cultivated a larger presence in the retail segment. This differentiation in client focus mitigates direct competitive overlap and contributes to the relative stability of the duopoly structure.

Exhibit 12: Comparison on key parameters

Particulars	NSDL			CDSL		
KPIs	FY23	FY24	FY25	FY23	FY24	FY25
Demat Custody Value (INRb)	3,02,189	4,23,442	4,64,164	39,711	64,206	70,524
Demat Accounts (in m)	31	36	39	83	116	153
Depository Participants (Nos)	283	281	294	588	580	574
DP Service Centers (Nos)	59,401	61,665	65,391	18,676	17,487	18,918
Consolidated Revenue (INRm)	10,220	12,682	14,201	6,209	9,073	10,822
Standalone Revenue (INRm)	4,092	4,731	6,186	4,506	6,410	8,482
Consolidated EBITDA (INRm)	3,286	3,811	4,929	62,094	90,730	7,440
Consolidated PAT (INRm)	2,348	2,754	3,431	2,760	4,196	5,263
Consolidated Operating Margin (%)	22.9%	20.6%	24.0%	54.7%	56.9%	53.2%
Standalone Operating Margin (%)	48.0%	48.7%	50.2%	55.4%	57.9%	53.9%
Consolidated PAT Margin (%)	21.4%	20.2%	22.4%	44.4%	46.2%	48.6%
Standalone PAT Margin (%)	43.4%	45.2%	44.0%	50.0%	48.9%	46.9%
Consolidated RoE (%)	16.4%	16.4%	17.1%	22.7%	28.7%	29.9%

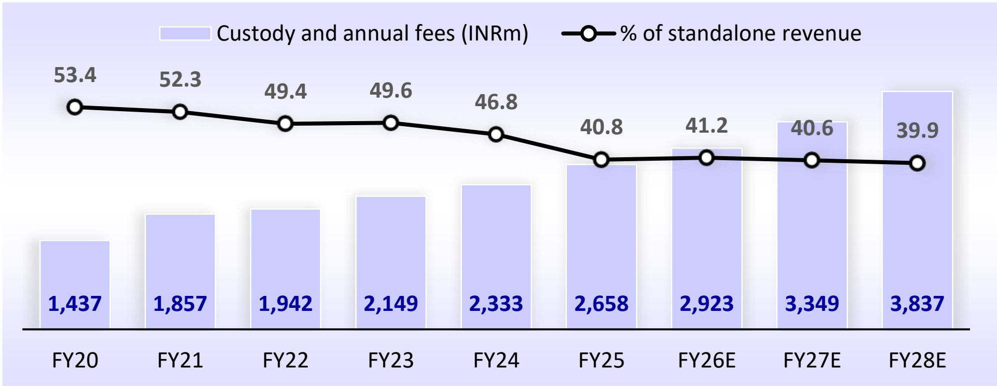
Source: Company, MOFSL

Strong recurring revenue contribution

Recurring depository revenue contributed ~42.3%/19.7% to standalone/consolidated revenue and ~90% to profitability as of FY25.

- NSDL's revenue model comprises a balanced mix of recurring and volatility-linked transaction streams, with recurring depository revenues (largely custody fees and annual issuer charges) accounting for ~42.3% of standalone revenue/19.7% of consolidated revenue in FY25. The depository segment remains the core earnings driver, accounting for ~90% of profitability.
- NSDL's recurring revenue stream is primarily composed of custody fees, charged to companies on its platform (INR11/folio). These fees are a stable and recurring revenue source, being less dependent on market cycles compared to revenue from transaction charges. For FY25, custody fees, along with annual fees charged to depository participants, accounted for 87% of NSDL's recurring revenue.

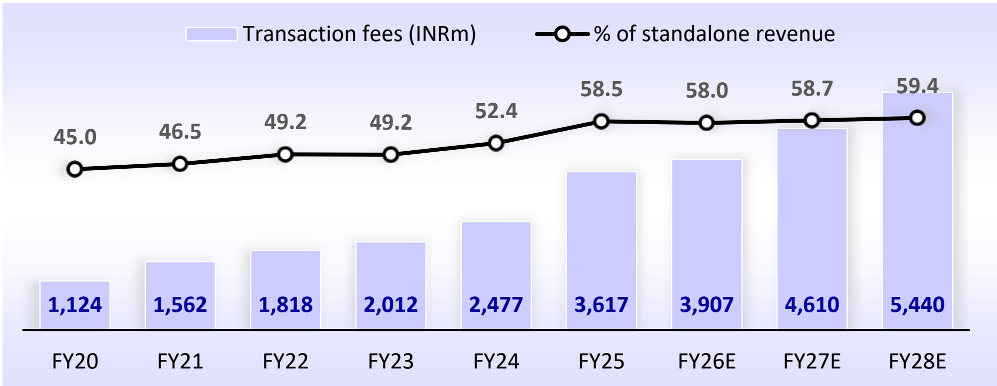
Exhibit 13: Custody and annual fees contribute over 40% to NSDL's standalone revenue



Source: Company, MOFSL

- In contrast, the non-recurring revenue stream accounts for the remaining ~58% of operating income and is more diversified, spanning categories such as e-CAS, e-AGM, e-Voting, pledging activity, settlement charges, corporate actions processing, and joining fees. Together, these non-recurring revenue lines capture activity-driven flows within the capital markets.

Exhibit 14: Transaction charges contribute over 55% to NSDL's standalone revenue



Source: Company, MOFSL

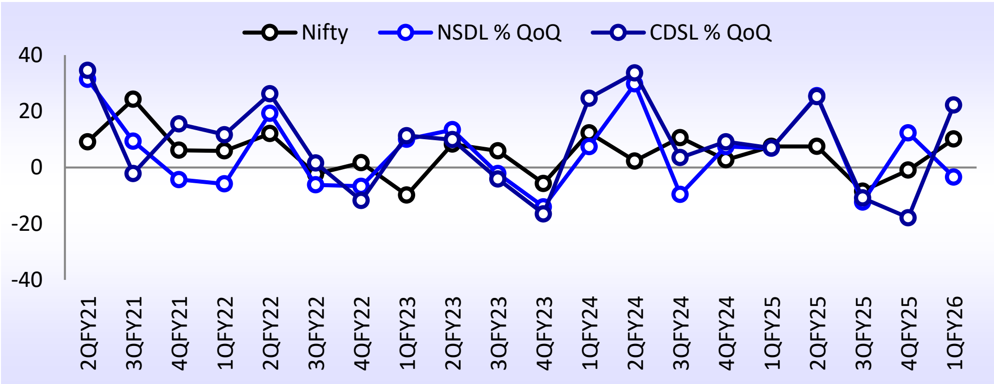
Exhibit 15: Share of recurring revenue in overall revenue – Standalone and consolidated basis

Revenues (INR m)	FY23	FY24	FY25
Recurring revenue on standalone basis	2,117.8	2,296.6	2,612.7
Share in overall standalone revenue (%)	51.8%	48.5%	42.2%
Recurring revenue on consolidated basis	2,250.3	2,418.0	2,795.1
Share in overall consolidated revenue (%)	22.0%	19.1%	19.7%

Source: Company, MOFSL

- NSDL's business model is characterized by a higher proportion of institutional investors, who contribute materially greater average revenue per account (INR156.8) compared to CDSL (INR55.4). This institutional tilt not only enhances revenue productivity but also provides resilience during periods of market volatility, as institutional flows tend to be less sentiment-driven than retail participation.
- Comparing the quarterly revenue growth of depositories with Nifty movements, NSDL exhibits a lower correlation than CDSL, suggesting relatively stickier and less volatile revenue streams. This correlation declines further for NSDL when we factor in a one-quarter lag between revenue growth and Nifty returns.

Exhibit 16: NSDL has a lower correlation with Nifty returns compared to CDSL

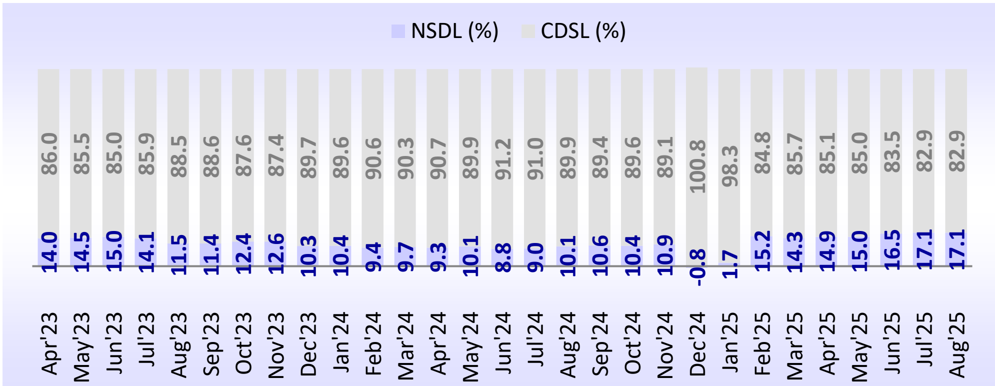


Source: NSDL, CDSL, MOFSL

Rising engagement with fintech brokers to improve penetration

- NSDL is actively pursuing various initiatives to consolidate its position in the depository services market by targeting new-age fintech brokers, a segment that has been driving retail participation through rapidly expanding digital platforms.
- **Launch of 3-in-1 accounts via NPBL:** With NPBL gaining scheduled bank status in FY25, the group launched 3-in-1 account integrations combining demat, trading, and bank accounts. This offering extends to fintech brokers, who historically lacked the ability to offer such bundled services due to their non-affiliation with large banks. The move positions NSDL as the preferred infrastructure provider for fintech platforms seeking seamless client onboarding and efficient fund flows.
- **Support for UPI block mechanism in secondary markets:** NSDL enabled the UPI block facility for secondary market trades, as mandated by SEBI in late FY24. This allows investors on fintech platforms to block funds in their bank accounts (similar to ASBA in IPOs) rather than transferring them upfront. By integrating this mechanism into its depository systems, NSDL has empowered fintech brokers to offer safer and more efficient fund settlements to its clients.
- **Digital onboarding through NDML's Instigo platform:** To streamline account opening for fintech brokers, NSDL leveraged the Instigo digital onboarding solution from its NDML subsidiary. Instigo integrates Aadhaar e-KYC, DigiLocker, KRA records, and PAN verification, enabling fintech brokers to onboard millions of new investors in a paperless, compliant manner.
- Through these initiatives, NSDL positions itself not merely as a passive infrastructure provider but as an active enabler of fintech-led retail investing, allowing it to benefit from the surge in account openings and trading volumes driven by new-age platforms. The strategic approach is reflected in NSDL's rising incremental demat market share from 10% in Apr'24 to 17% in Aug'25.

Exhibit 17: NSDL's incremental demat market share has improved over the last few months

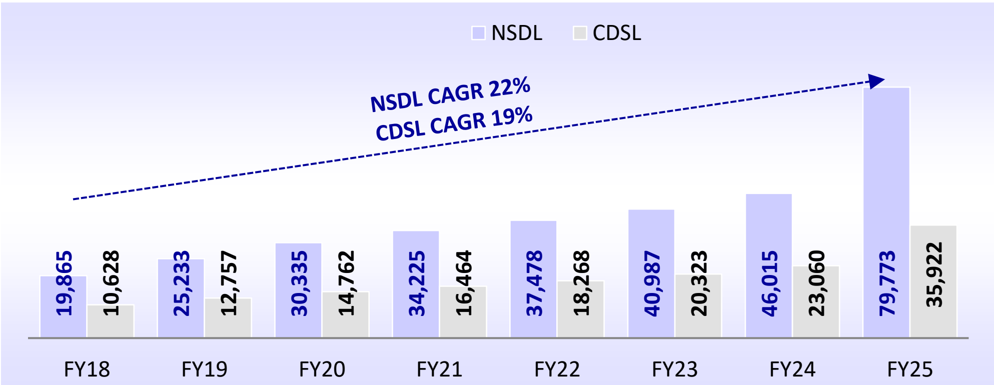


Source: NSDL, CDSL, MOFSL

Dominant position in the number of unlisted companies

- According to the MCA notification issued in Oct'18, all unlisted public companies (excluding government companies, Nidhi companies, and wholly-owned subsidiaries) are required to compulsorily dematerialize their securities. This mandate presents immense scope for depositories to increase the number of companies on their platforms.
- NSDL maintains a significantly higher base of unlisted companies, with 79,773 entities registered as of FY25, compared to 35,922 for CDSL. This strength is further underscored by NSDL's growth trajectory, with the number of unlisted companies holding securities in dematerialized form posting ~22% CAGR during FY18-25, outpacing CDSL's ~19% CAGR over the same period.
- NSDL held a 73% market share in the number of unlisted companies (equity) registered with a depository, compared to 27% for CDSL.

Exhibit 18: NSDL maintains a significantly larger base in unlisted companies



Source: Company, MOFSL

Exhibit 19: Market share in the number of unlisted companies (equity)

Particulars	No. of unlisted companies at NSDL	No. of unlisted companies at CDSL	Market share of NSDL (%)	Market share of CDSL (%)
FY18	11,022	2,905	79.1	20.9
FY19	15,816	5,915	72.8	27.2
FY20	21,075	7,900	72.7	27.3
FY21	24,910	9,397	72.6	27.4
FY22	27,920	10,897	71.9	28.1
FY23	31,245	12,623	71.2	28.8
FY24	35,416	14,594	70.8	29.2
FY25	68,223	25,187	73.0	27.0

Source: Company, MOFSL

Strong focus on technology-led product innovation

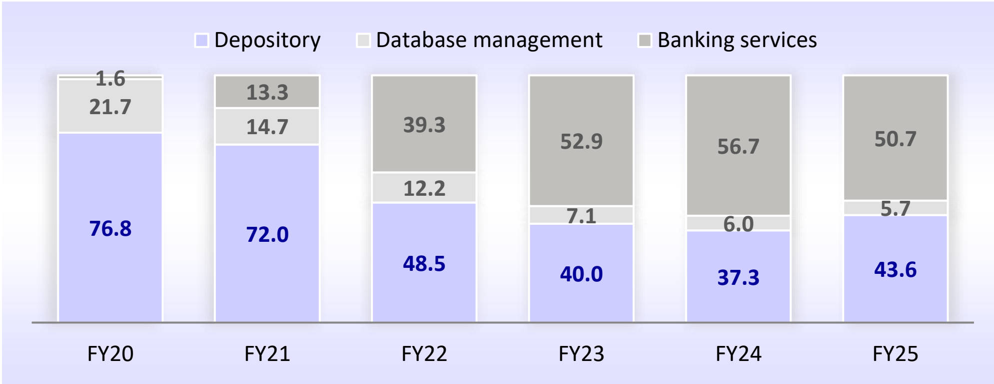
NSDL is a pioneer in introducing market-first solutions and serves diverse market participants, backed by a dedicated IT team of 150 full-time and 249 contract-based professionals.

- NSDL places strong emphasis on technology-led product innovation, positioning technology as the foundation of its ecosystem. This is supported by an IT team of 150 full-time and 249 contract-based employees, catering to a wide range of stakeholders, including depository participants, issuers, registrars, transfer agents, and clearing corporations.
- The organization has also been a pioneer in introducing market-first solutions. Notably, in Aug'07, NSDL became the first depository to introduce **instant messaging alerts** (via SMS) for investors. Over time, it has expanded its value-added services through platforms such as **Speed-e**, which enables electronic submission of depository transactions; **STeADY**, a solution for trade information exchange and institutional client contract notes; and **IDeAS**, an online service that provides convenient access to depository accounts.
- The depository system has fundamentally **transformed India's trade settlement framework** by shifting from weekly account-period settlements to rolling settlements. NSDL enabled the transition from T+5 (1998) to T+1 (2023), and further pioneered phased T+0 settlements—starting with 25 scrips in Mar'24 and extending to the top 500 by Jan'25.
- NSDL has further strengthened its innovation credentials by launching a **blockchain-based distributed ledger platform** for the real-time monitoring of securities and covenants, including asset coverage for debenture issuances. It has also introduced a **tax service** to simplify documentation for companies during dividend payments and, in 2021, rolled out a **digital commercial paper issuance platform** that has seen strong adoption from issuers and securities.
- In addition, the organization has built a comprehensive **data processing framework** that serves as a centralized repository for multiple data types, ranging from transactional and documentary data to historical and archival records.
- Through these sustained investments, NSDL has expanded its service capabilities, enhanced user experience, and reinforced its relevance as a technology-driven enabler of India's financial and securities markets.

Diversified revenue streams

- NSDL has evolved from being a pure-play securities depository into a multi-vertical financial infrastructure institution, with revenue streams spanning depository operations, database management services, and banking/payments. The company benefits from both annuity-style and transaction-linked revenues, providing stability as well as growth optionality.

Exhibit 20: NSDL's consolidated revenue mix



Source: Company, MOFSL

Core depository business:

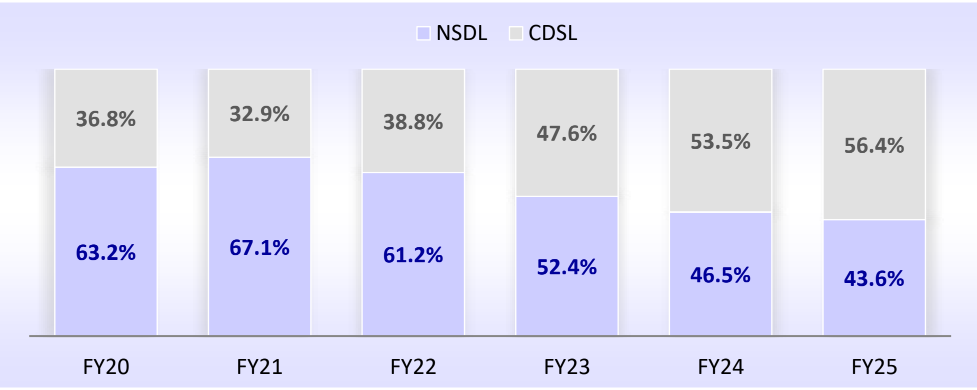
- The core depository business generates a stable stream of recurring revenue, primarily through annual custody fees from issuers, maintenance fees from DPs, standardized account fees, and transaction-based charges. Core depository revenue accounts for ~43.6% of overall consolidated revenue in FY25 but remains the core earnings driver, accounting for ~90% of profitability.
- **Components of the depository business include:**
  - *Annual Issuer and Custody Charges:* Companies are charged a fixed rate set by SEBI based on the number of ISIN positions (INR11/folio). This fee is a major contributor to the company's recurring revenue (87% of FY25 recurring revenue).

Exhibit 21: Custody fee chart based on securities held

Nominal value of securities admitted (INR)	Annual custodial fee payable by an issuer to each depository (INR)*
up to 25m (applicable only for issuers of unlisted shares	5,000
up to 50m	9,000
above 50m and up to 100m	22,500
above 100m and up to 200m	45,000
above 200m	75,000

Note: *plus taxes as applicable; Source: SEBI, MOFSL

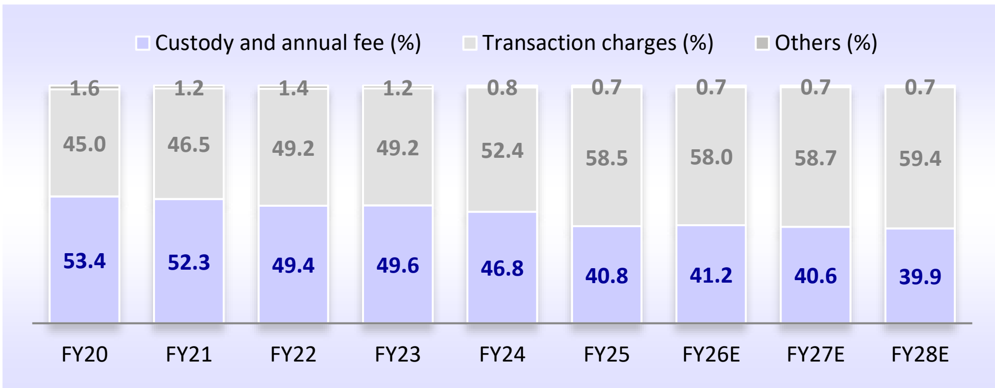
Exhibit 22: Share of NSDL's and CDSL's annual charges and custody revenue in total annual and custody charges of depositories



Source: Company, MOFSL

- *Transaction Charges:* Linked to cash delivery activity in the market, this revenue source is more volatile compared to custody fees. NSDL charges INR4 per debit transaction in demat accounts, while CDSL charges a lower rate at INR3.5 per debit transaction. In FY25, transaction fee revenue accounted for ~29.9% of overall revenue from operations. Apart from settlement charges, this segment also includes corporate action processing, e-voting, e-KYC, pledging, etc.
- *Others:* These include services such as communication, software licensing, etc.

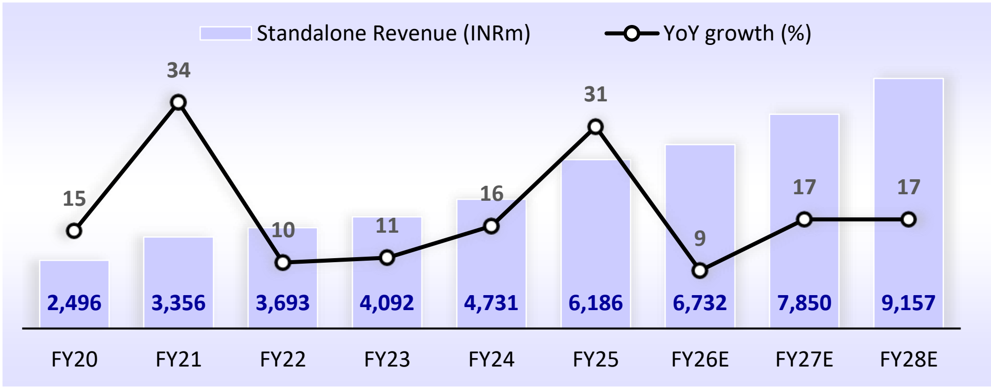
Exhibit 23: Depository revenue mix is balanced – recurring (custody) and transactional



Source: Company, MOFSL

- We expect standalone revenue to post a 14% CAGR over FY25-28, driven by rising demat penetration, increase in the number of folios, growth in assets under custody, rising transaction volumes, and steady fee income from issuers and participants.

Exhibit 24: Standalone revenue to post a 14% CAGR over FY25-28



Source: Company, MOFSL

Exhibit 25: Financial performance comparison - Core depository business

Segment	Players	FY20	FY21	FY22	FY23	FY24	FY25
Revenue from Operations (INRm)	NSDL	2,496	3,356	3,693	4,092	4,731	6,186
	CDSL	1,682	2,706	4,148	4,506	6,410	8,482
PAT Margin (%)	NSDL	37.32	45.32	42.96	43.42	45.19	43.97
	CDSL	36.58	51.24	54.95	50.01	48.91	46.93
EBITDA Margin (%)	NSDL	49.41	60.13	57.89	58.11	59.53	60.62
	CDSL	55.09	68.41	72.36	66.23	66.50	64.41
Employee costs as a % of revenue from operations	NSDL	23.00	19.33	18.71	18.06	17.50	14.19
	CDSL	23.77	12.63	9.90	15.21	12.52	11.99

Source: Company, MOFSL

NSDL Database Management Limited (NDML):

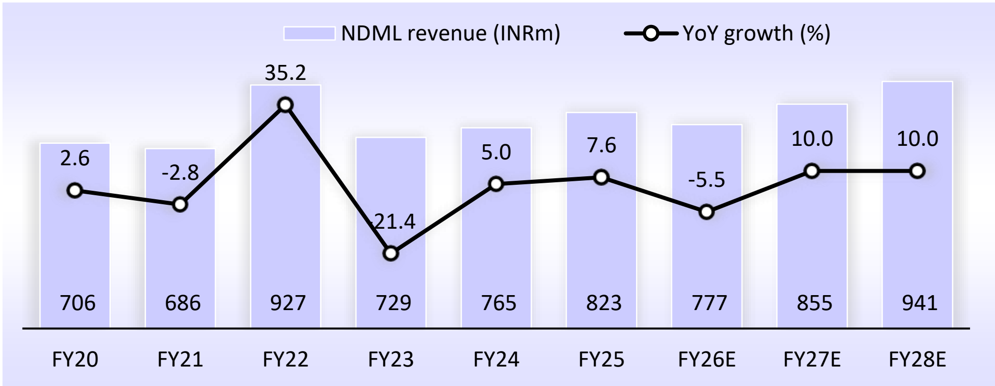
- Incorporated in Jun’04, NDML is a technology solutions and product services company focused on developing e-governance, payment solutions, regulatory systems, market infrastructure, and digital onboarding products for government bodies and industry associations, including SEZ Online for the Ministry of Commerce & Industry and the National Skills Registry.
- In FY25, NDML contributed ~6% to NSDL’s consolidated revenues and delivered a healthy 31.7% EBITDA margin. As of Mar’25, NDML supported over 1,728 SEBI-registered intermediaries and maintained ~18.8m KYC records. Its digital onboarding platform, Instigo (launched Jul’20), enables end-to-end e-KYC and account opening for capital market products. NDML also acts as a registrar and transfer agent (RTA), servicing 13,485 ISINs in FY25.
- The company aims to continue diversifying its offerings through the introduction of new products and services, thereby serving the evolving needs of customers. Key business verticals and strategic initiatives include:
  - *KYC Registration Agency (KRA):* Functioning as a centralized depository of KYC records, the company offers a single-point solution for investors and intermediaries to update and access KYC details. As of Mar’25, the platform catered to more than 1,728 SEBI-registered intermediaries and maintained a repository of 18.8m KYC records.
  - *Registrar & Transfer Agent: The company* provides RTA services across a broad spectrum of securities, including listed and unlisted equities as well as debt instruments such as commercial paper, certificates of deposit,

debentures, and securitized instruments. In FY25, it serviced 13,485 ISINs (including five listed issuers).

- *SEZ online on behalf of the Ministry of Commerce and Industry:* The company has developed an integrated e-governance portal to enable nationwide processing of transactions between SEZ developers, co-developers, units, and SEZ administration. As of Mar'25, more than 5,730 SEZ units and over 566 SEZ developers and co-developers were registered and actively using the portal.
- Others include: Insurance Repository, Payment Aggregator, Instigo, KYC User Agency, National Skill Registry, Accreditation Agency, etc.

- We expect this segment to witness a decline in growth in FY26 and recover in FY27, driven by a continued regulatory focus on digitization, rising adoption of e-governance platforms, and the increasing scale of KYC and RTA services.

Exhibit 26: NDML's revenue to stabilize in FY27



Source: Company, MOFSL

Exhibit 27: Peer comparison in the KYC registration agency segment

Segment	Players	FY20	FY21	FY22	FY23	FY24
Revenue from Operations (INRm)	**CVL**	558	719	1,349	1,029	1,697
	NDML	706	686	927	729	765
PAT Margin (%)	**CVL**	42.17	46.95	49.65	42.50	45.56
	NDML	36.50	38.33	44.60	37.62	37.59
EBITDA Margin (%)	**CVL**	58.44	63.14	66.25	63.14	58.44
	NDML	50.58	53.05	61.30	54.26	54.58
Employee costs as a % of revenue from operations	**CVL**	8.12	6.12	4.16	8.66	7.26
	NDML	14.06	19.30	17.31	23.09	23.96

Source: Company, MOFSL

Exhibit 28: Operational parameters for KRAs

Particulars	Players	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Cumulative KYC Record (m)	**NDML**	8.3	9.2	10	11.6	14.6	16.3	17.4
	CVL	17.1	18.8	21.6	28.1	43	53.7	70.7
Registered Intermediaries	**NDML**	1,195	1,299	1,339	1,395	1500+	1550	1500+
	CVL	2,140	2,598	2,266	2,767	2,097	2,671	2,734

Source: Company, MOFSL

Exhibit 29: Insurance repository comparison

Segment	Players	FY20	FY21	FY22	FY23	FY24	FY25
Revenue from Operations (INRm)	NSDL	22.0	22.0	23.3	48.3	56.5	46.9
	CAMS	209.4	148.7	187.8	177.9	174.9	196.0
PAT Margin (%)	NSDL	-6.28	-37.30	32.39	34.65	25.91	3.09
	CAMS	-2.03	11.15	20.65	6.91	3.25	-17.95
EBITDA Margin (%)	NSDL	6.89	-22.05	39.06	40.63	39.06	12.32
	CAMS	24.95	16.67	30.35	13.29	4.63	-14.72
Employee costs as a % of revenue from operations	NSDL	33.83	68.95	32.31	31.98	33.20	42.14
	CAMS	51.81	62.02	46.48	60.76	75.86	84.23

Source: Company, MOFSL

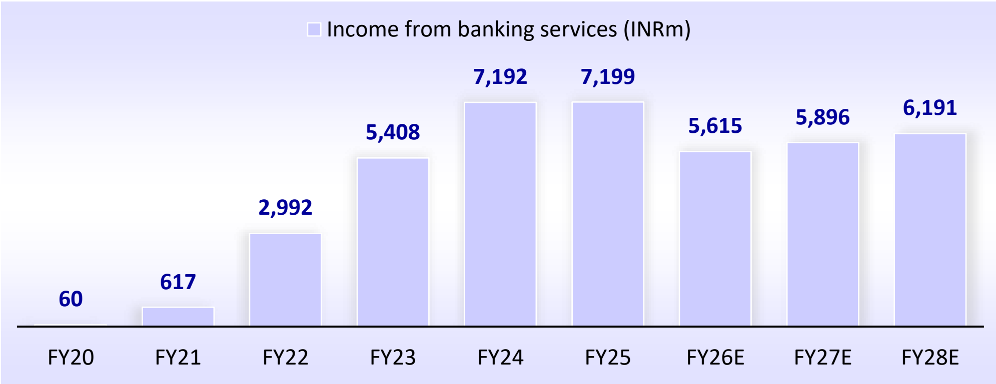
NSDL Payments Bank Limited (NPBL):

- NPBL provides innovative and tech-driven digital banking services, with a focus on financial inclusion in underbanked regions. Leveraging technology-driven platforms, NPBL offers a wide range of B2B2C financial services, including digital banking, domestic money transfers, savings accounts, micro-ATMs, Aadhaar-enabled payment systems (AePS), prepaid cards, merchant acquisition, cash management services, and distribution of third-party products such as insurance and MFs.
- NPBL contributed ~51% to consolidated operating revenue. As of Mar'25, the company had over 2.4m active accounts, with 1.6m opened in FY25 alone. Its mobile application, NSDL Jiffy, had over 1.1m registered users, including 0.3m who opened accounts directly through the app.
- NPBL ranked 42nd as a UPI remitter and 35th as a UPI beneficiary, while its AePS business ranked second nationally by transaction value. The bank deployed more than 307,200 micro-ATM devices, the second-largest in India, processing transactions worth INR130.2b in FY25. Cash management services, launched in FY24, recorded transactions of INR283.9b in FY25.
- NPBL launched **3-in-1 accounts** that integrate banking, demat, and trading services. Unlike traditional models tied to bank-affiliated brokers, this structure is open to leading discount brokers, offering seamless fund flows and faster onboarding. This proposition positions NSDL uniquely within the capital markets ecosystem, with the potential to capture incremental retail flows and improve settlement efficiency.
- **Key products and services offered by the subsidiary:**
  - **NSDL Jiffy:** This is a mobile platform offering zero-balance, classic, and premium savings accounts, current accounts, bill payments, internet banking, and virtual debit cards. Its user base grew to 139,600 monthly users in Mar'25 (from 86,900 in Mar'24).
  - **Aadhar-enabled Payment System (AePS):** AePS is a bank-led model that uses Aadhar authentication to allow interoperable transactions at POS terminals. These services are provided through a network of over 50 business correspondents. In FY25, AePS enabled cash withdrawals of INR511.7b.
  - **Micro-ATMs:** They operate through 4,382 customer service points, supporting withdrawals and balance inquiries, and processed INR130.2b in FY25.
  - **Cash management services:** These services facilitate the collection of loan EMIs and cash payments through transactions processed by agents. The

company has partnered with NBFCs and MFIs for EMI and cash collections, processing INR283.9b in FY25.
  - **Mutual fund distribution:** Through the digital platform, customers can invest in mutual funds as well as benefit from curated investment solutions provided by fund houses. As of Mar'25, NPBL distributed mutual fund schemes of 28 major asset management companies in India through digital channels.

- We expect this segment to witness a decline in growth in FY26 and start recovering from FY27 onwards, as the focus shifts from transaction volumes to account openings and CASA.

Exhibit 30: NPBL's revenue growth trajectory to improve from FY27



Source: Company, MOFSL

Exhibit 31: Comparison among payment bank players on various parameters

Players	Customer Deposits (INRb)	Net Worth (INRb)	Total Equity (INRb)	Revenue (INRb)	Net Profit (INRb)	RoE (%)	CRAR (%)	Branches
Airtel Payments Bank	34.2	6.5	24.7	26.5	0.6	10.90%	38.0%	28
Fino Payments Bank	19.4	7.2	0.8	17.5	1.1	15.59%	80.5%	152
India Post Payments Bank	193.5	15.4	23.6	17.8	1.3	9.86%	49.2%	650
NSDL Payments Bank	1.8	1.5	1.8	7.2	0.0	1.26%	142.5%	2

Source: Company, MOFSL

Exhibit 32: Operational performance comparison based on volume of transactions at ATM and POS

Players	FY21	FY22	FY23	FY24	FY25
Airtel Payments Bank	4.5	3.7	2.9	3.4	5.9
Fino Payments Bank	6.9	13.4	23.5	28.0	28.3
India Post Payments Bank	0.7	4.3	4.7	4.8	3.9
Jio Payments Bank	0.0	0.0	0.0	0.0	0.7
NSDL Payments Bank	0.2	0.3	0.4	0.6	5.1
PayTM Payments Bank	46.1	53.6	46.9	26.0	0.0

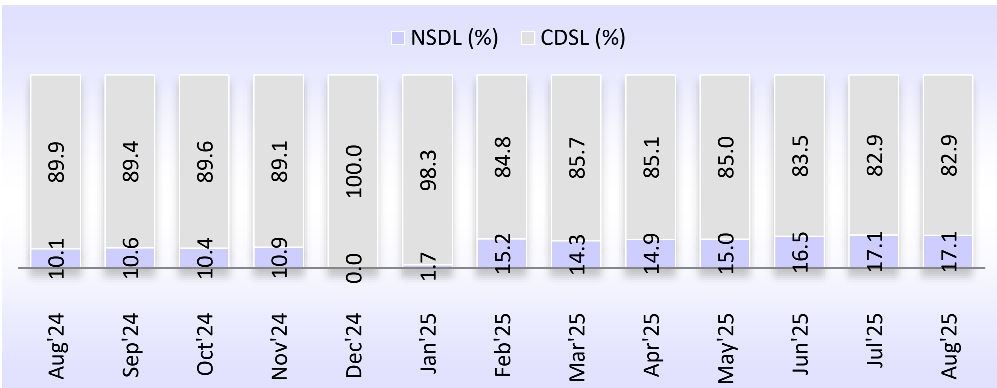
Source: Company, MOFSL

Peer comparison

Demat accounts

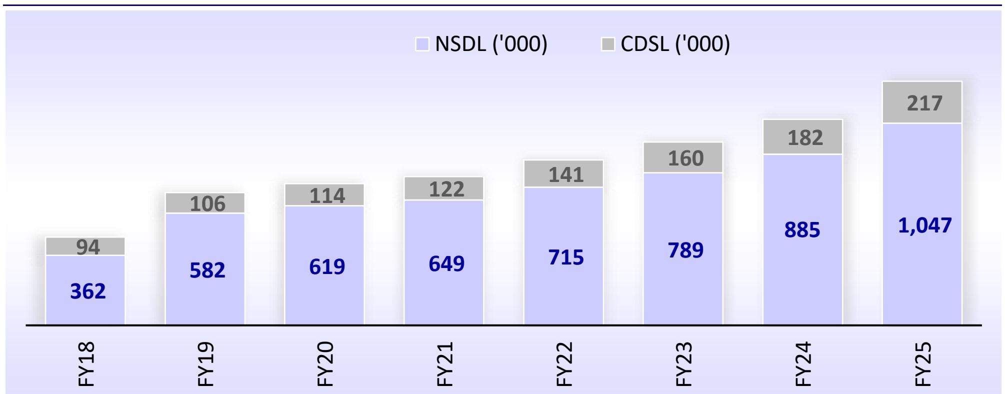
- The number of demat accounts increased rapidly in FY22 and FY25 owing to the ease of the account opening process and attractive returns in the capital market during this period.
- CDSL has ~80% market share with respect to demat accounts. However, NSDL has a higher number of clients (other than resident individuals), which, to some extent, makes its revenue model more stable as compared to CDSL. NSDL has also started to gain momentum with respect to incremental demat account market share in recent months.

Exhibit 33: Incremental market share – NSDL' share is improving



Source: NSDL, CDSL, MOFSL

Exhibit 34: NSDL has 80%+ market share of non-individual accounts

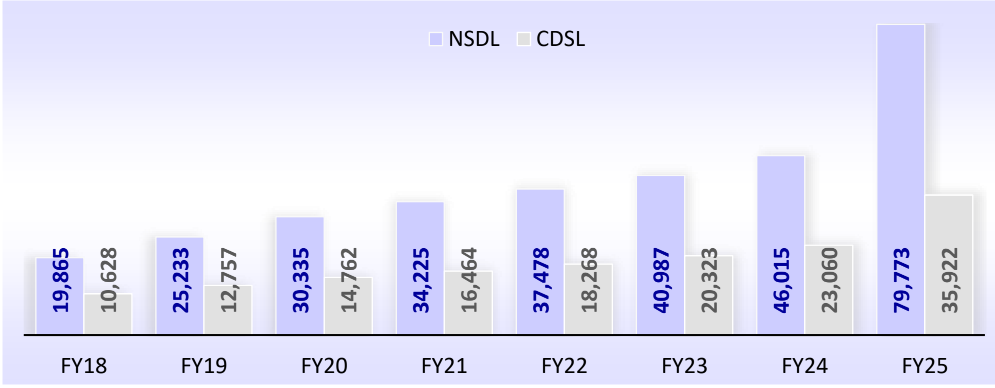


Source: Company, MOFSL

Number of companies on the platform

- The number of companies with securities in a dematerialized form grew at a CAGR of ~22% for NSDL and ~19% for CDSL during FY18-25.
- As per MCA notification, all unlisted public companies (except government and Nidhi companies) have to get their securities dematerialized. With ~1.8m active companies in India, there is an immense opportunity for depositories to increase the number of companies on their platform for dematerialization. NSDL's market share was 73% in FY25 with respect to unlisted companies.

Exhibit 35: Number of companies listed on NSDL ~2x of CDSL

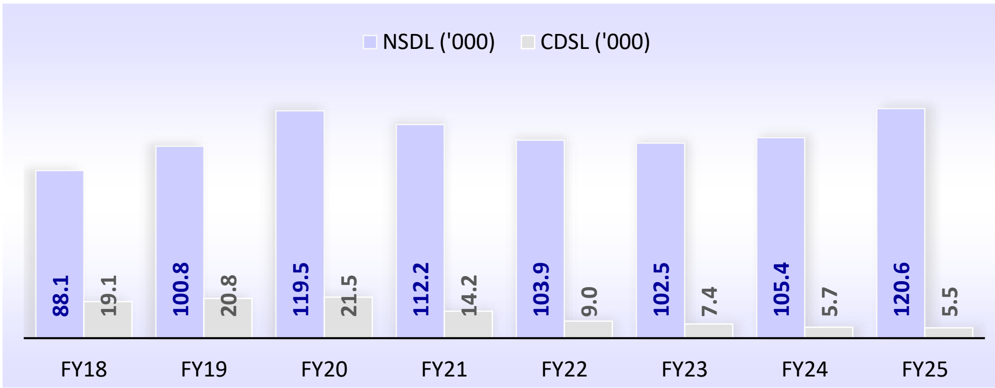


Source: Company, MOFSL

Demat quantity per investor account

- NSDL has a significantly higher number of dematerialized securities per investor account compared to its peer, reflecting its institution-heavy client base. While CDSL commands a larger share of overall retail demat accounts, NSDL's accounts are deeper, with higher average custody value and broader asset class coverage.
- This underscores the higher monetization potential of NSDL's franchise, driven by large portfolios of institutional investors, HNIs and corporates, which remain active across market cycles. The higher demat quantity per account thus provides resilience in revenue and differentiates NSDL's positioning within the duopoly.

Exhibit 36: NSDL's demat quantity per investor account significantly higher



Source: Company, MOFSL

Total active instruments

- Companies have been increasingly tapping the capital market for funding requirements through various instruments.
- The number of debt instruments at NSDL and CDSL grew at a CAGR of ~6.6% and 5.3%, respectively, during FY18-25.
- The number of dematerialized equity instruments at NSDL and CDSL grew at a CAGR of ~20% and 18.5%, respectively, during FY18-25.

Exhibit 37: NSDL has more number of active instruments compared to CDSL

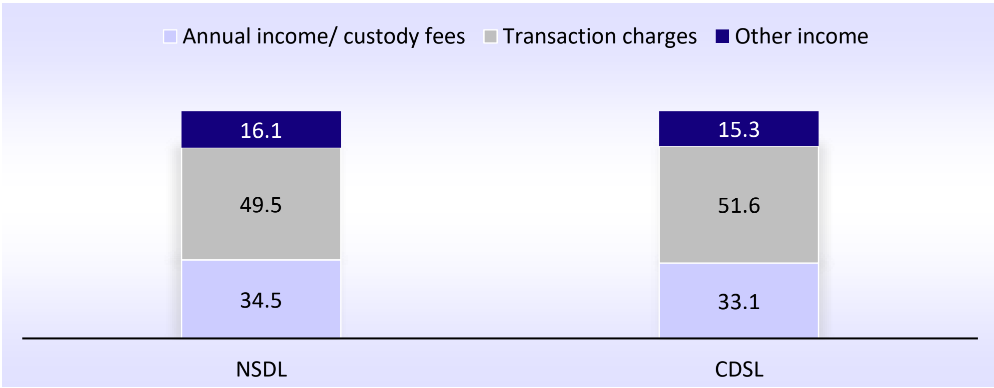
Year	Instruments at NSDL				Instruments at CDSL				NSDL mkt share (%)	CDSL mkt share (%)
	Debt	Equity	Other	Total	Debt	Equity	Other	Total		
FY18	17,291	23,447	37,225	77,963	10,786	9,938	19,974	40,698	65.7	34.3
FY19	17,080	28,979	41,063	87,122	10,402	12,049	21,685	44,136	66.4	33.6
FY20	16,747	34,075	41,190	92,012	10,619	14,018	23,392	48,029	65.7	34.3
FY21	18,354	38,203	32,278	88,835	11,644	15,619	22,984	50,247	63.9	36.1
FY22	19,474	41,771	33,649	94,894	12,147	17,336	23,364	52,847	64.2	35.8
FY23	21,170	45,473	34,289	1,00,932	13,176	19,304	23,871	56,351	64.2	35.8
FY24	23,936	50,304	53,831	1,28,071	14,378	21,576	35,413	72,367	63.9	36.1
FY25	27,082	83,907	73,990	1,84,979	15,495	32,584	50,397	98,436	65.3	34.7

Source: Company, MOFSL

Revenue mix

- Revenue from annual and custody fee is considered a more stable and recurring kind of revenue, being less dependent on the market cycle compared to revenue from transaction charges.
- For NSDL, custody fees accounted for 34.5% of its total revenue in FY25.

Exhibit 38: Standalone revenue mix of depositories – FY25 (%)

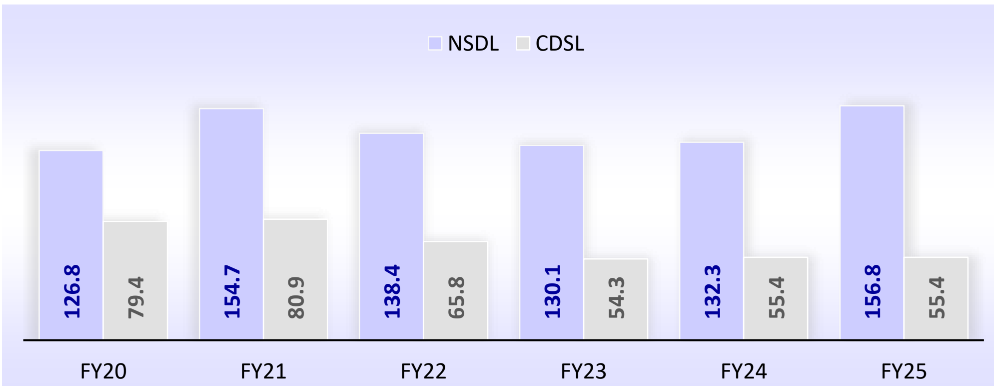


Source: Company, MOFSL

Transaction and operational revenue per account

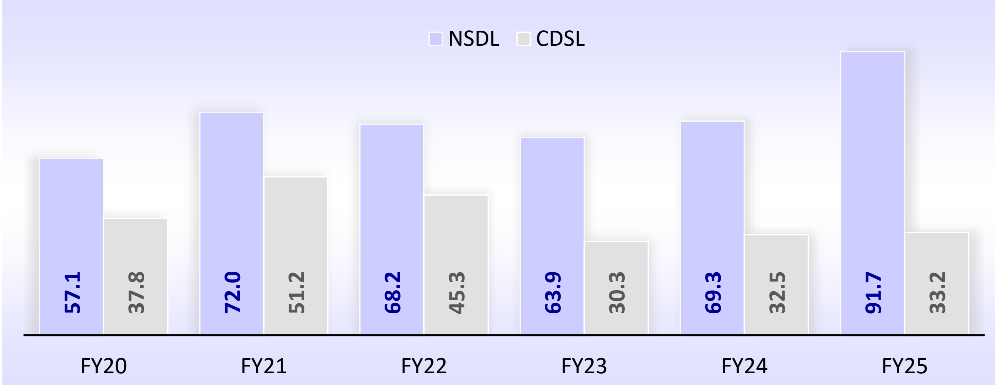
- Transaction revenue per account reflects the quality of investors registered with the depository. NSDL reported ~3x transaction revenue per account in FY25.
- In FY25, NSDL's standalone operational revenue per investor account was INR156.8, compared to INR55.44 for CDSL.

Exhibit 39: Operational revenue per investor account



Source: Company, MOFSL

Exhibit 40: Transaction revenue per investor account

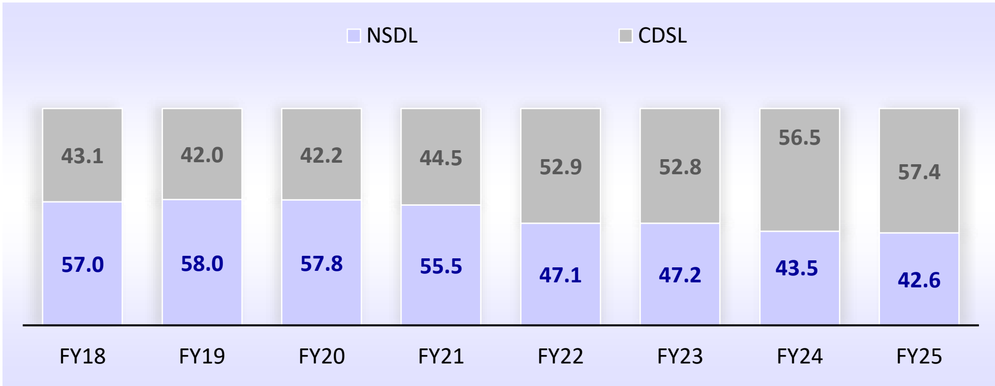


Source: Company, MOFSL

Revenue and profitability

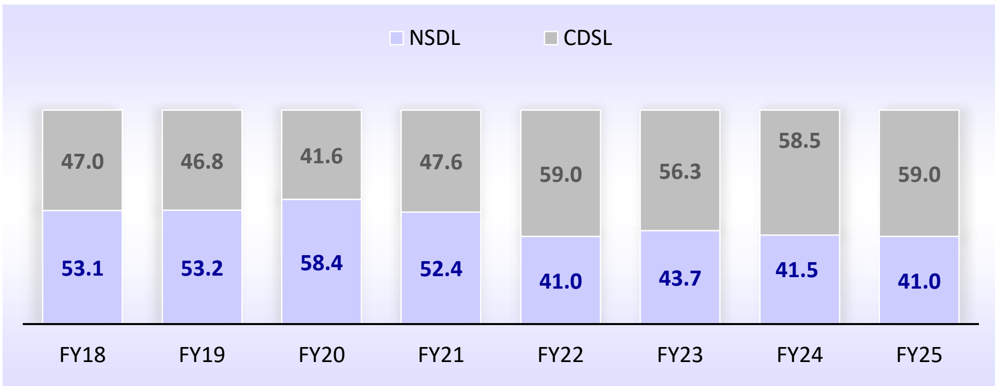
- NSDL contributed 42.6% to the total standalone income of the industry in FY25, while CDSL contributed 57.4%.
- In standalone PAT, NSDL's contribution was 41% in FY25.
- NSDL's EBITDA margin is slowly converging toward CDSL's EBITDA margin. In FY25, NSDL reported EBITDA margin of 60.6%, while CDSL's margin was 64.4%.

Exhibit 41: Standalone revenue market share (%)



Source: Company, MOFSL.

Exhibit 42: Standalone PAT market share (%)



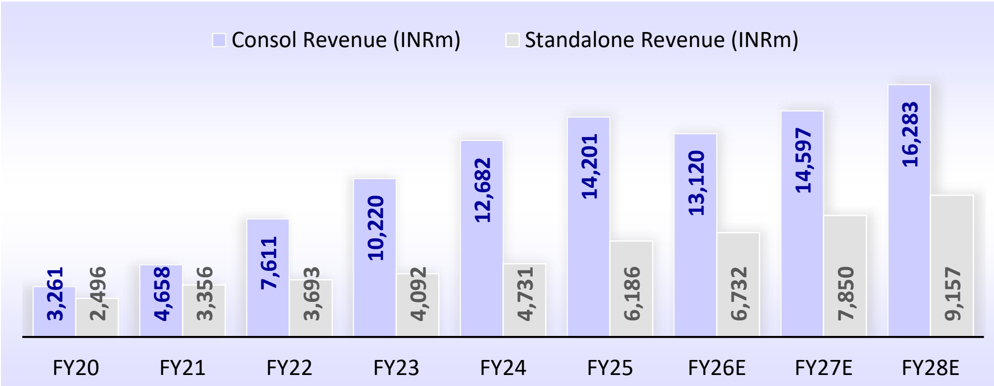
Source: Company, MOFSL.

Financial performance

Stable revenue growth trajectory going forward

- NSDL's revenue has clocked a strong CAGR of 34% during FY20-25, backed by strong growth in revenue from banking services (FY20-25 revenue CAGR of 160%). Excluding banking, revenue CAGR was 17%.
- On a standalone basis, NSDL posted a revenue CAGR of 20%.
- We expect a revenue CAGR of only 5% during FY25-28, impacted by a decline in banking revenue. On a standalone basis, we expect a revenue CAGR of 14% during FY25-28.

Exhibit 43: Standalone revenue growth trajectory to be in double digits

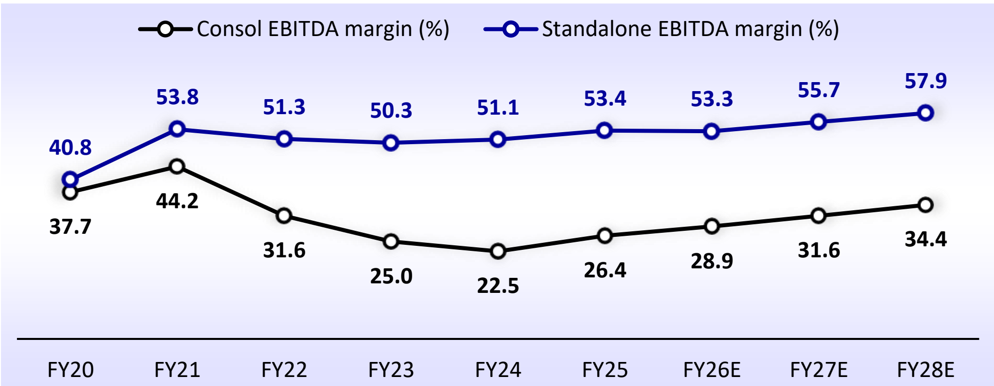


Source: Company, MOFSL

Operating margin to maintain upward trajectory

- During FY20-25, NSDL reported a CAGR of 25% in consolidated EBITDA and 27% in standalone EBITDA, resulting in consol./standalone EBITDA margin of 26.4%/53.4% in FY25.
- We expect a 14% CAGR in consolidated EBITDA and a 17% CAGR in standalone EBITDA over FY25-28, resulting in consol./standalone EBITDA margin of 34.4%/57.9% in FY28.

Exhibit 44: EBITDA margin to improve gradually



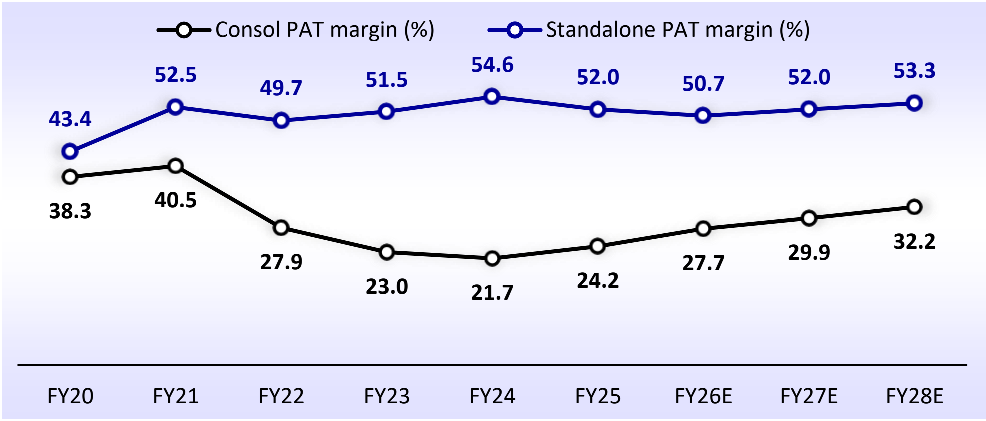
Source: Company, MOFSL

50%+ PAT margin on a standalone basis

- Over FY20-25, NSDL reported a CAGR of 22% in consolidated PAT, reflecting PAT margin of 24.2% in FY25. On a standalone basis, PAT saw a CAGR of 24%, reflecting PAT margin of 52% in FY25.

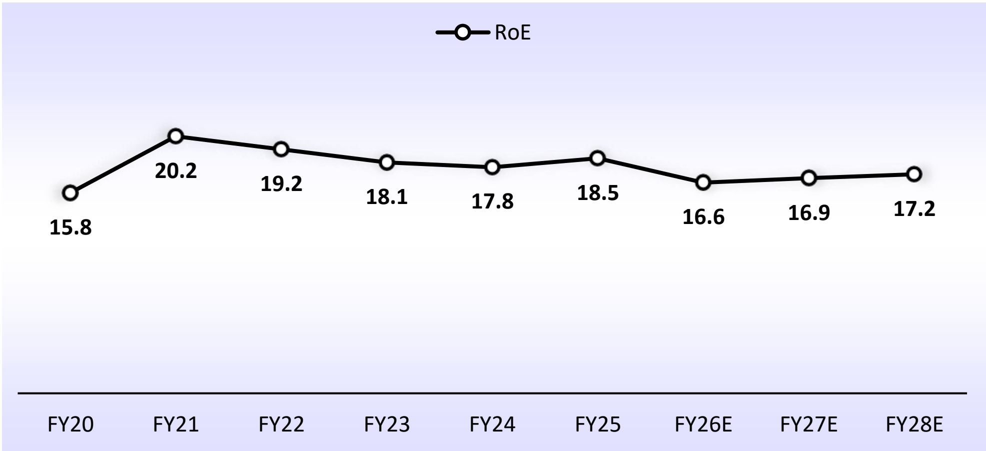
- During FY25-28, we estimate a CAGR of 15% in both standalone and consolidated PAT.
- RoE has been in the mid- to high-teen range and we expect a similar trajectory going ahead.

Exhibit 45: PAT margin to improve gradually



Source: Company, MOFSL

Exhibit 46: RoE to be in mid- to high-teen range



Source: Company, MOFSL

Valuation and view

Initiate coverage with a Neutral rating

- Indian capital markets are expected to sustain their strong growth trajectory, supported by rising retail investor participation, broader adoption of dematerialized securities, a healthy IPO pipeline, and expanding digital financial services. With demat penetration at only ~15% of the population compared to >60% in developed markets, the structural headroom for growth remains significant.
- NSDL's client base is anchored by institutional investors, custodians, and bank-led brokers. These long-standing relationships translate into stable, recurring revenue streams with high stickiness, underpinned by annual issuer charges and custody fees. The institutional tilt also allows NSDL to generate superior monetization efficiency.
- Complementing its core depository business, NSDL's subsidiaries, NSDL Payments Bank (NPBL) and NSDL Database Management (NDML), contribute ~55% of total revenue leverage (FY25). This positions NSDL as a well-diversified play with strong, earnings-accretive adjacencies beyond its core depository business.
- With its leadership in depository services, robust infrastructure, scale advantages, affluent client base, and strategic subsidiaries, NSDL is well-positioned to capitalize on market growth.
- We expect NSDL to deliver a revenue/EBITDA/PAT CAGR of 5%/14%/15% over FY25-28, reflecting the company's strong market position, diversified revenue streams, and growth potential in India's expanding capital markets. The company's operational efficiencies and tech-led scale-up are expected to improve its EBITDA margin over the same period.
- Given the duopoly nature of the industry and NSDL's superior pricing power, depositories deserve premium valuations. However, we believe the stock is fairly valued, and all the positives are priced in at current levels. **Hence, we initiate coverage on NSDL with a Neutral rating and a TP of INR1,200 (premised on ~45x FY28E P/E).**
- **Key risks/opportunities:**
  - Prolonged weak capital market sentiment could depress both retail activity and cash ADTO, weighing on transaction-driven revenues. In addition, heightened regulatory scrutiny or stringent caps on depository charges could limit pricing flexibility and profitability. Any continued drag from the payments bank subsidiary could also act as an incremental downside risk to consolidated earnings.
  - A sharper-than-expected increase in retail participation, driven by fintech adoption and deeper penetration in tier 2/3 cities, could accelerate demat account additions and strengthen NSDL's incremental market share. Higher-than-anticipated IPO activity would further boost transaction-linked revenues, while any regulatory relaxation or favorable stance on pricing structures could improve monetization and margins. Together, these factors could result in earnings outpacing our current estimates.

ESG initiatives

Environmental initiatives

- The company uses all possible ways to conserve energy and optimize its energy usage and efficiency.
- The new premise at BKC is a Green Building, which is LEED certified. Staff are strictly instructed to switch off their monitors before they leave for the day. NSDL also maintains the air conditioning temperatures to conserve energy.
- NSDL has the facility to optimize the availability of natural light throughout the workspace, thereby promoting the reduction of electricity usage.
- The company has used information technology extensively in its operations.

CSR initiatives

- NSDL has a CSR committee formed to oversee the implementation and monitoring of CSR policy, in compliance with CSR objectives and company policy.
- The company undertakes various impact-driven programs/projects under the aegis of CSR, which are mapped to its CSR policy. The CSR policy enumerates specific thematic areas that are the guiding principles of the projects/programs that are being implemented by NSDL.
- At present, NSDL endeavors to undertake CSR programs/projects in the areas of education, skill development, health & sanitation, environmental sustainability, rural development and disaster relief, rehabilitation, and recreation.

Governance

- As of Mar'25, the Board comprised seven directors that included four public interest directors (independent directors), including one woman director.
- The Board consists of highly experienced professionals, whose collective expertise across diverse domains contributes to informed decision-making and effective governance.

Bull and Bear cases

Bull case

- In our bull case, we assume a revenue CAGR of 12% over FY25-28 vs. our base case assumption of 5%.
- EBITDA is expected to clock a CAGR of 24% over FY25-28 vs. our base case assumption of 14%
- PAT is expected to post a CAGR of 23% over FY25-28 vs. our base case assumption of 15%.

Scenario analysis - Bull Case

INRm	FY25	FY26E	FY27E	FY28E
Revenue	14,201	14,540	16,903	19,701
Growth	12%	2%	16%	17%
EBITDA	3,755	4,487	5,682	7,171
EBITDA Margin	26%	31%	34%	36%
PAT	3,407	4,139	5,130	6,380
EPS	17.0	20.7	25.7	31.9
Growth	23%	21%	24%	24%
No. of shares (m)				200
Multiple				55
TP				1,800
CMP				1,298
Upside				39%

Bear case

- In our bear case, we assume a revenue CAGR of 1% over FY25-28 vs. our base case assumption of 5%.
- EBITDA is expected to clock a CAGR of 8% over FY25-28 vs. our base case assumption of 14%
- PAT is expected to post a CAGR of 10% over FY25-28 vs. our base case assumption of 15%.

Scenario analysis - Bear Case

INRm	FY25	FY26E	FY27E	FY28E
Revenue	14,201	12,552	13,462	14,479
Growth	12%	-12%	7%	8%
EBITDA	3,755	3,372	3,987	4,691
EBITDA Margin	26%	27%	30%	32%
PAT	3,407	3,296	3,850	4,507
EPS	17.0	16.5	19.2	22.5
Growth	23%	-3%	17%	17%
No. of shares (m)				200
Multiple				40
TP				900
CMP				1,298
Upside				-31%

SWOT analysis

- ☑ Pioneer in dematerialization of securities with strong brand equity
- ☑ Market leadership in custody value and number of issuers covering a wide range of asset classes
- ☑ Diversified ecosystem through subsidiaries – NDML and NPBL
- ☑ Robust technology backbone with continuous innovation
- ☑ Strong relationship with capital market intermediaries

- ☑ Lower share of retail demat accounts vs. CDSL
- ☑ Low brand visibility among retail investors
- ☑ NPBL dragging down consolidated PAT margin
- ☑ High reliance on market-linked transaction volumes

- ☑ Structural increase in dematerialization, especially among unlisted public companies
- ☑ Rising household equity participation
- ☑ Sustained IPO pipeline expanding issuers and retail investors

- ☑ Dominance of CDSL in retail and fintech partnerships
- ☑ Highly regulated industry
- ☑ Cybersecurity risks

Management team

Mr. Vijay Chandok (Managing Director and CEO)

He holds a bachelor’s degree in mechanical engineering from Banaras Hindu University, Varanasi, and a master’s degree in management studies from Narsee Monjee Institute of Management Studies, Mumbai. He has over 31 years of experience in the financial services industry. He was previously MD & CEO of ICICI Securities.

Mr. Jigar Shah (CFO)

He holds a bachelor’s degree in commerce (specialization in accounting and auditing) from the University of Mumbai. He is a member of the Institute of Chartered Accountants of India. He has also completed the Chief Financial Officer Programme from the Indian Institute of Management, Calcutta. He has over 17 years of experience. He was previously CFO of NPBL.

Mr. Prashant Vagal (Chief Operating Officer)

He holds a bachelor’s degree in engineering (mechanical branch) from V. J. Technical Institute, University of Bombay, and a master’s degree in management studies from Sydenham Institute of Management Studies and Research and Entrepreneurship Education, University of Mumbai. He has over 30 years of experience in business development and operations.

Mr. Sameer Patil (Chief Business Officer)

He holds a bachelor’s degree in science (zoology) from Maharishi Dayanand College of Arts, Science and Commerce, the University of Bombay, a diploma in marketing management from Prin. L. N. Welingkar Institute of Management Development & Research, Mumbai, and a master’s degree in business administration from Calorx Teachers’ University, Gujarat. He has over 20 years of experience in business strategy and business expansion. He was previously associated with BSE and MCX.

Kothandaraman Prabhakaran (Chief Technology Officer)

He holds a diploma in telecommunication (S&TV) from Department of Technical Education, Government of Karnataka, and a bachelor’s degree in engineering (computer science) from Bangalore University. He has over 19 years of experience in the field of technology. He was previously associated with Adecco India and Cisco Systems (India).

Financials and valuations

Income Statement

(INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue	4,658	7,611	10,220	12,682	14,201	13,120	14,597	16,283
Change (%)	43	63	34	24	12	-8	11	12
Employee expense	881	1,038	1,099	1,232	1,385	1,607	1,768	1,944
Contribution to IPF	88	90	99	115	154	169	206	250
Other expenses	1,629	4,078	6,470	8,485	8,907	7,558	8,008	8,487
Operating Expenses	2,598	5,206	7,668	9,832	10,446	9,333	9,982	10,681
EBITDA	**2,059**	**2,405**	**2,552**	**2,850**	**3,755**	**3,787**	**4,615**	**5,601**
Change (%)	68	17	6.1	11.7	31.7	0.8	21.9	21.4
Dep/Interest/Provisions	179	211	232	262	395	459	491	526
Other Income	586	602	778	975	1,150	1,450	1,600	1,800
PBT	**2,466**	**2,796**	**3,098**	**3,563**	**4,510**	**4,778**	**5,724**	**6,876**
Change (%)	52	13	10.8	15.0	26.6	5.9	19.8	20.1
Tax	580	656	702	795	1,103	1,169	1,400	1,682
Tax Rate (%)	24	23	23	22	24	24	24	24
PAT	**1,886**	**2,140**	**2,396**	**2,768**	**3,407**	**3,610**	**4,324**	**5,194**
Change (%)	51	13	12.0	15.5	23.1	5.9	19.8	20.1
Dividend	200	200	200	200	164	200	200	240

Balance Sheet

(INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	400	400	400	400	400	400	400	400
Reserves & Surplus	9,793	11,716	13,889	16,441	19,653	23,092	27,250	32,246
Net Worth	**10,193**	**12,116**	**14,289**	**16,841**	**20,053**	**23,492**	**27,650**	**32,646**
Trade Payables	342	253	612	696	892	1,026	1,180	1,357
Other current liabilities	4,334	4,439	5,785	4,819	8,733	10,043	11,550	13,282
Other Liabilities	119	119	249	221	170	195	224	258
Total Liabilities	**14,988**	**16,927**	**20,935**	**22,577**	**29,848**	**34,756**	**40,604**	**47,543**
Cash and Bank balance	3,840	3,687	3,820	2,405	3,742	5,092	7,321	10,570
Investments	7,284	9,297	14,567	14,935	19,956	22,956	25,956	28,956
Net Fixed Assets	834	566	734	3,018	3,431	3,581	3,731	3,881
Current Assets	3,030	3,377	1,814	2,219	2,719	3,127	3,596	4,135
Total Assets	**14,988**	**16,927**	**20,935**	**22,577**	**29,848**	**34,756**	**40,604**	**47,543**

Financials and valuations

Cashflow

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Profit after Tax	1,886	2,126	2,348	2,754	3,431	3,638	4,359	5,235
Adjustments	-495	-564	-710	-932	-1,052	-1,345	-1,513	-1,710
Change in Working Capital	908	-331	3,398	-1,315	3,559	1,061	1,221	1,404
Cashflow from Operating activities	**2,299**	**1,231**	**5,036**	**507**	**5,939**	**3,354**	**4,066**	**4,929**
Other Income	586	602	778	975	1,150	1,450	1,600	1,800
Change in Current Investments	357	-2,013	-5,270	-368	-5,021	-3,000	-3,000	-3,000
Change in Fixed Asset	-227	249	-196	-2,308	-526	-200	-182	-185
Cashflow from Investing activities	**716**	**-1,162**	**-4,688**	**-1,702**	**-4,396**	**-1,750**	**-1,582**	**-1,385**
Changes in Equity	-	-	-	-	-	-	-	-
Interest Expense	-9	-22	-15	-21	-41	-55	-55	-55
Dividend Expense	-200	-200	-200	-200	-164	-200	-200	-240
Cashflow from Financing activities	**-209**	**-222**	**-215**	**-221**	**-205**	**-255**	**-255**	**-295**
Net Cashflow	2,806	-153	133	-1,415	1,338	1,350	2,229	3,249
Opening Cashflow	1,034	3,840	3,687	3,820	2,405	3,742	5,092	7,321
Closing Cashflow	**3,840**	**3,687**	**3,820**	**2,405**	**3,742**	**5,092**	**7,321**	**10,570**

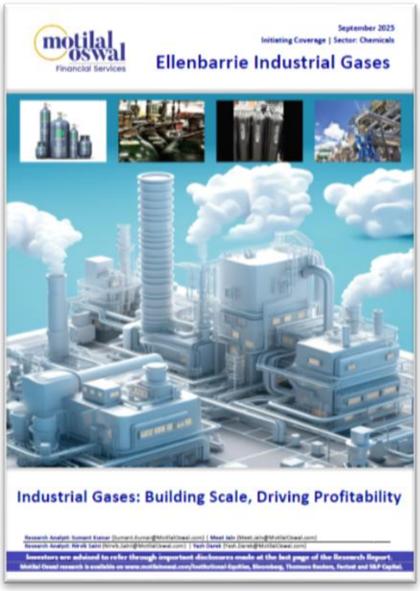
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Cost to Income Ratio	55.8	68.4	75.0	77.5	73.6	71.1	68.4	65.6
EBITDA Margin	44.2	31.6	25.0	22.5	26.4	28.9	31.6	34.4
PBT Margin	52.9	36.7	30.3	28.1	31.8	36.4	39.2	42.2
PAT Margin	40.5	28.1	23.4	21.8	24.0	27.5	29.6	31.9
Profitability Ratios (%)								
RoE	20.2	19.2	18.1	17.8	18.5	16.6	16.9	17.2
Dividend Payout Ratio	10.6	9.3	8.3	7.2	4.8	5.5	4.6	4.6

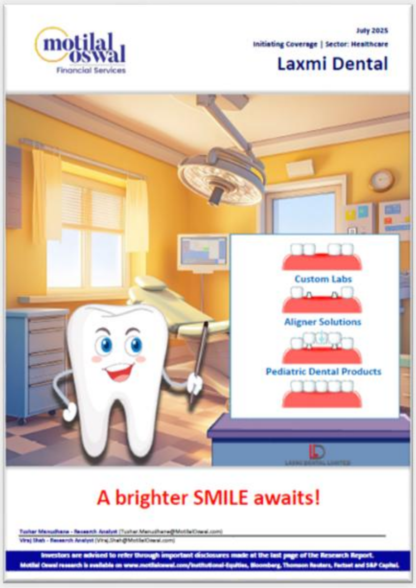
Valuations	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
BVPS (INR)	51	61	71	84	100	117	138	163
Change (%)	20.4	18.9	17.9	17.9	19.1	17.1	17.7	18.1
Price-BV (x)	**25.5**	**21.4**	**18.2**	**15.4**	**12.9**	**11.1**	**9.4**	**8.0**
EPS (INR)	9.4	10.7	12.0	13.8	17.0	18.0	21.6	26.0
Change (%)	51.1	13.5	12.0	15.5	23.1	5.9	19.8	20.1
Price-Earnings (x)	**137.7**	**121.3**	**108.4**	**93.8**	**76.2**	**71.9**	**60.0**	**50.0**
DPS (INR)	1.0	1.0	1.0	1.0	0.8	1.0	1.0	1.2
Dividend Yield (%)	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**

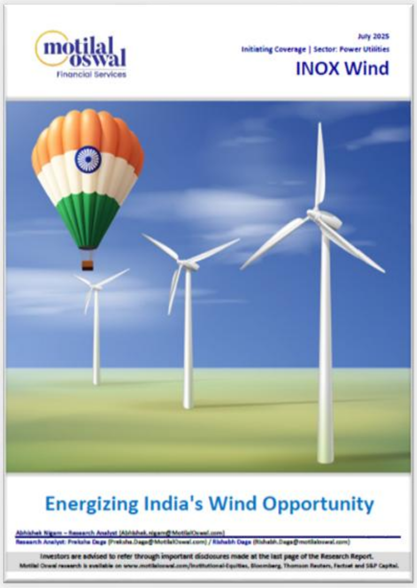
E: MOFSL Estimates

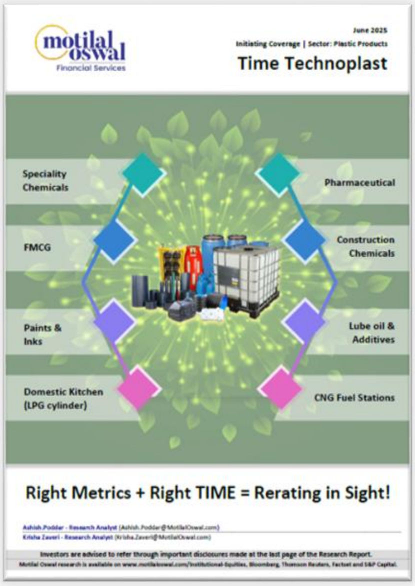
NOTES

RECENT INITIATING COVERAGE REPORTS









Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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Nainesh Rajani
Email: nainesh.rajani@motilaloswal.com
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Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com
Mr. Neeraj Agarwal	022 40548085	na@motilaloswal.com
Mr. Siddhartha Khemka	022 50362452	po.research@motilaloswal.com

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