

Central Depository Services (India) Ltd : Very Good Issue

IPO Note : First mover from Depository Segment: Profit making, Dividend Paying with zero debt company

: Ranking****



Issue details	
Price band (Rs)	Rs.145-149
IPO Opening Date	19/06/17
IPO Closing Date	21/04/17
Issue Size	Rs. 524 Cr.

Recommendation

Total revenue grew at a **CAGR of 13.33%** from Rs.145.47 Cr for the FY 2015 to Rs.186.85 Cr for FY 2017 and **Net Profit grew at a CAGR of 22.72%** in the same period from Rs.57.49 crore in FY15 to Rs.86.58 crore in FY17. **It has no listed peer to compare with.** This issue being offer for sale, its paid up equity remains at the same level of Rs. 104.50 cr. BSE Ltd that holds 50.05% of the paid up equity in CDSL will reduce its holding to 24% post this offer. The asking price at the upper band is at a P/E of 18 and at a P/BV of 2.92 which appears reasonable. We recommend to subscribe in this IPO for listing as well as long term gain.

Highlights

- **Depository Participants and other capital market intermediaries:** offer dematerialization for a wide range of securities including equity shares, preference shares, mutual fund units, debt instruments, government securities.
- **Corporates:** CDSL offers facilities to issuers to credit securities to a shareholder's or applicant's demat accounts to give effect to a range of non-cash corporate actions such as bonus issue, subdivision of holdings and conversion of securities in a merger, amalgamation or in an initial public offering.
- **Capital market intermediaries:** It offers KYC services in respect of investors in Indian capital markets to capital market intermediaries including to mutual funds.
- **Insurance Companies:** The Company offers facilities to allow holding of insurance policies in electronic form to the holders of these insurance policies of several insurance companies.
- **Zero Debt Company with book value of Rs.51.04**

Company Introduction

Central Depository Services (India) Limited (CDSL), a subsidiary of BSE Limited operates as a securities depository in India. They offers various services, such as account opening, dematerialization, processing delivery and receipt instructions, account statement, re-materialization, pledging, nomination, transmission of securities, change in address, bank account details and SMS services for depository participants.

CDSL also offers facilities to issuers to credit securities to a shareholder's or applicant's demat accounts; KYC services in respect of investors in capital markets to capital market intermediaries; and facilities to allow holding of insurance policies in electronic form to the holders of these insurance policies of various insurance companies.



www.cdslindia.com

Financial Summary (Rs. In Crore)

Particulars	FY2017	FY2016	FY2015
Total Income	186.85	161.33	145.47
Net Profit	86.58	91.12	57.49
EPS (Rs)	8.28	8.71	5.5

Source: RHP and ACE Equity

RANKING METHODOLOGY

WEAK	*
AVERAGE	**
GOOD	***
VERY GOOD	****
EXCELLENT	*****

In addition, they provides other online services, such as e-voting, e-locker, national academy depository, electronic access to security information, electronic access to security information and execution of secured transaction, drafting and preparation of wills for succession, and mobile application and transactions using secured texting. It serves investors through intermediaries, such as depository participants, issuer companies, registrar and transfer agents, beneficial owners, and clearing members

Company Promoters:

BSE Limited is the promoters of the company.

The object of the issue

- Achieve the benefits of listing the equity share on NSE
- Enhance it's visibility and brand image and provide liquidity to it's existing shareholders.

IPO Issue Proceed

The company is coming out with a maiden IPO of 35167208 equity share of Rs. 10 each as offer for sale through book building route. It has fixed the price band of Rs. 145-149 and likely to mobilize Rs. 509.93-523.99 crore based on lower and upper price band. Issue opens for subscription on 19.06.17 and will close on 21.06.17. Minimum application is to be made for 100 shares and in multiples thereon, thereafter. It has reserved 700000 equity shares for eligible employees and from the rest; it has reserved 50% for QIBs, 15% for HNIs and 35% for retail category. The offer shall constitute up to 33.65% of the fully diluted post offer paid up equity share capital. Post allotment, shares will be listed only on NSE. Through this offer, CDSL is providing exit route to its current stake holders and also to explore listing benefits.

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