

Issue Details	
Issue Opens	19-June-17
Issue Closes	21-June-17
Issue Size (Rs. Crore)	523.99
Face value (per equity share)	10
Price Band (Rs.)	145-149
Lot Size (No of Share)	100
No of Shares on Offer (crore)	3.51
QIB (%)	50%
Non-Institutional (%)	15%
Retail (%)	35%
Commencement of Trading	30-June-17

Shareholding pattern	Pre Issue (%)	Post Issue (%)
Promoters and Promoter Group	50.05	24.00
Public (incl institutions and employees)	49.95	76.00
Total	100.0	100.0

Objects of the Issue

The object of the offer are to:

1. Achieve the benefits of listing the equity share on NSE
2. Sale of Equity shares by the selling Shareholders.
3. Enhance it's visibility and brand image and provide liquidity to it's existing shareholders.

Issue Date: 19th June – 21th June 2017

Price Band (Rs.) : 145- 149

Lot Size (No. of Share) : 100

Company Background

Incorporated in 1999, 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.

Financials

Particulars	For the year/period ended (in Rs. Million)		
	FY-17	FY-16	FY-15
Total Assets	6,072	5,530	5,115
Total Revenue	1,869	1,613	1,455
Profit After Tax	866	911	575

Concerns

- Intense competition and regulatory oversight on pricing.
- Large proportion of the business is transaction-based and dependent on trading volumes.
- Fraud due to unauthorised transfer of securities or service deficiency could result in losses.
- Inability to increase the pricing when cost goes up can impact the profitability.

Strengths

- CDSL has a stable revenue base due to repeat business in multiple offerings in the Indian securities and financial services.
- Convenient and dependable depository services at competitive prices for a wide range of securities.
- High economies of scale leading to steady growth in profitability .
- India's leading securities depository with the highest share of incremental growth of BO accounts.

Our View

On the upper price band of Rs.149 and on FY17 EPS of Rs.8.21, P/E ratio works out to 18.1x. Even based on the last 3 years consolidated EPS of Rs.7.9, P/E Ratio works out to be 18.7x. Means company is asking the upper band of issue price of Rs.149 for a P/E Ratio between 18.1x and 18.7x. There is no listed peers, hence P/E ratio cannot be compared. However, P/E ratio of 18x is reasonable (comparing with overall industries), hence issue priced can be assumed as reasonably priced.

Company revenues grew at 13% CAGR in last 3 years. It earned strong profits of 46% for FY17. CDSL IPO price is reasonably priced. Considering all these positive factors, we would recommend investors to invest in this IPO.