

### Q1-FY22 Result Update

- ❑ The company reported strong results for the quarter under review with revenue growth of 79.7% year-on-year to ₹1,173 million on consolidated basis. The company reported healthy revenue growth led by record number of new investor accounts, during Q1-FY22 the company added 6.30 million investor accounts taking the total number of investor accounts to 39.7 million as on June 2021.
- ❑ The company also provides value added services such as facilitating annual general meetings through video conference, email updation, e-DIS for electronic instruction platforms stock brokers / depository participants, e-voting, m-voting, e-CAS, SMS alerts, etc.
- ❑ On profitability front, the EBITDA from operations for the quarter improved by 93.7% year-on-year at ₹737 million with an operating margin of 62.9%. The company achieved the reported PAT of ₹639 million, a growth of 38.4% year-on-year with a net margin of 54.5% translating into EPS of ₹6.11 per share for the quarter.
- ❑ CDSL has three subsidiaries CDSL Ventures Ltd. (CVL), CDSL Insurance Repository Ltd. (CIRL), CDSL Commodity Repository Ltd. (CCRL) having strong business, which contribute to the strength of the company.
- ❑ CVL is the first and the largest KYC Registration Agency (KRA) in the country with over 31.0 million fully digitised KYC records as on June 2021. CVL provides eKYC services, esign services, facilitates intermediaries to upload their KYC records in the CKYC, providing validation of Aadhar & PAN, online account application software, undertaking SEBI special projects . CVL is also a leading GST Suvidha provider.
- ❑ CIRL is an Insurance Repository and has 0.64 million e-insurance accounts. CCRL operates under regulatory authority of warehouse development and regulatory authority, it has 3328 registered warehouses.
- ❑ Within financial assets, the allocation towards equities has been rising as retail investors have usually been under-invested in equities. CDSL stands to benefit with growth in capital markets. Also, increasing thrust on digital account opening & online initiatives create further optimism. We maintain our **BUY** rating on the stock with a revised target price of **₹1480 per share**.

## Financials:

(In ₹ mn)	Q1-FY22	Q1-FY21	Chg	3M-FY22	3M-FY21	Chg
Net Sales	1,173	653	79.7%	1,173	653	79.7%
Operating Expense	435	272	60.0%	435	272	60.0%
EBITDA	737	381	93.7%	737	381	93.7%
Other Income	125	207	-39.7%	125	207	-39.7%
Depreciation	16	25	-33.3%	16	25	-33.3%
EBIT	846	563	50.2%	846	563	50.2%
Interest	0	0	-16.7%	0	0	-16.7%
PBT	846	563	50.2%	846	563	50.2%
Tax	206	96	114.4%	206	96	114.4%
Exceptional Items	-	-	-	-	-	-
PAT	640	467	37.0%	640	467	37.0%
Minority /Other Adj.	(1)	-	-	(1)	-	-
Consolidated PAT	639	467	36.7%	639	467	36.7%

Margins	Q1-FY22	Q1-FY21	Chg BPS	3M-FY22	3M-FY21	Chg BPS
Operating Margin %	62.9%	58.3%	455	62.9%	58.3%	455
Net Margin %	54.6%	71.6%	-1701	54.6%	71.6%	-1701

## Consolidated Financials:

(In ₹ mn)	FY-20	FY-21	FY-22E	FY-23E
Net Sales	2,251	3,437	4,296	5,371
Operating Expense	1,360	1,319	1,132	1,415
EBITDA	890	2,118	3,165	3,956
Other Income	592	569	711	889
Depreciation	117	92	133	166
EBIT	1,365	2,595	3,743	4,679
Interest	0	0	0	0
Misc. items	-	-	-	-
PBT	1,364	2,595	3,743	4,679
Tax	297	583	840	1,050
Minority Interest	(6)	(9)	-	-
PAT	1,062	2,003	2,903	3,629

Margins	FY-20	FY-21	FY-22E	FY-23E
Sales Growth %	14.7%	52.7%	25.0%	25.0%
Operating Margin %	39.6%	61.6%	73.7%	73.7%
Net Margin %	47.2%	58.3%	67.6%	67.6%

(In ₹ mn)	FY-20	FY-21	FY-22E	FY-23E
<b>Liabilities</b>				
Equity Share Capital	1,045	1,045	1,045	1,045
Reserves & Surplus	6,195	5,781	8,684	12,313
Total Shareholder's Funds	7,240	6,826	9,729	13,358
Minority Interest	419	-	-	-
Long-Term Liabilities	-	-	-	-
Other Long-term Liabilities	18	26	26	26
Deferred Tax Liability	10	8	8	8
Short-term Liabilities	936	1,475	1,844	2,305
<b>Total</b>	<b>8,623</b>	<b>8,334</b>	<b>11,606</b>	<b>15,696</b>
<b>Assets</b>				
Net Fixed Assets	743	935	1,169	1,304
Long-Term L&A	95	1	1	1
Non Current Investments	2,734	2,037	2,037	2,037
Other Non-Current Assets	213	128	128	128
Current Asset	4,837	5,234	8,271	12,226
<b>Total</b>	<b>8,623</b>	<b>8,334</b>	<b>11,606</b>	<b>15,696</b>

Key Ratios	FY-20	FY-21	FY-22E	FY-23E
EPS (₹)	10.2	19.2	27.8	34.7
P/E (x)	121.2	64.2	44.3	35.4
P/B (x)	17.8	18.8	13.2	9.6
ROE	14.7%	29.3%	29.8%	27.2%

Source: Company, Anand Rathi Research

## Key Risks:

- Regulatory Risks.
- Technology Risks.



## Rating and Target Price history:

### CDSL's rating history & price chart



### CDSL's rating details

Date	Rating	Target Price (₹)	Share Price (₹)
18-Sep-2020	Buy	563	474
25-Feb-2021	Buy	760	620
11-May-2021	Buy	960	798
16-Aug-2021	Buy	1480	1231

Source: Bloomberg, Anand Rathi Research

NOTE: Prices are as on 16 August 2021 close.

Source: Bloomberg, Anand Rathi Research

## Disclaimer:

### Analyst Certification

- ❑ The views expressed in this Research Report accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this report. The research analysts are bound by stringent internal regulations and also legal and statutory requirements of the Securities and Exchange Board of India (hereinafter “SEBI”) and the analysts’ compensation are completely delinked from all the other companies and/or entities of Anand Rathi, and have no bearing whatsoever on any recommendation that they have given in the Research Report.

### Ratings Methodology

- ❑ Analysts’ ratings and the corresponding expected returns take into account our definitions of Large Caps (>₹300 Billion ) and Mid/Small Caps (<₹300 Billion ) or SEBI definition vide its circular SEBI/HO/IMD/DF3/CIR/P/2017/114 dated 6th October 2017, whichever is higher and as described in the Ratings Table below:

Ratings Guide (12 months)	Buy	Hold	Sell
Large Caps (>₹300Bn.)	15%	5%-10%	Below 5%
Mid/Small Caps (<₹300 Bn.)	20%	10%-15%	Below 10%

## Disclaimer:

### Research Disclaimer and Disclosure inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

Anand Rathi Share and Stock Brokers Ltd. (hereinafter refer as ARSSBL) (Research Entity) is a subsidiary of the Anand Rathi Financial Services Ltd. ARSSBL is a corporate trading and clearing member of Bombay Stock Exchange Ltd, National Stock Exchange of India Ltd. (NSEIL), Multi Stock Exchange of India Ltd (MCX-SX), United stock exchange and also depository participant with National Securities Depository Ltd (NSDL) and Central Depository Services Ltd. ARSSBL is engaged into the business of Stock Broking, Depository Participant, Mutual Fund distributor.

The research analysts, strategists, or research associates principally responsible for the preparation of Anand Rathi Research have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors, firm revenues.

**General Disclaimer:** - This Research Report (hereinafter called “**Report**”) is meant solely for use by the recipient and is not for circulation. This Report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. The recommendations, if any, made herein are expression of views and/or opinions and should not be deemed or construed to be neither advice for the purpose of purchase or sale of any security, derivatives or any other security through ARSSBL nor any solicitation or offering of any investment /trading opportunity on behalf of the issuer(s) of the respective security (ies) referred to herein. These information / opinions / views are not meant to serve as a professional investment guide for the readers.No action is solicited based upon the information provided herein. Recipients of this Report should rely on information/data arising out of their own investigations. Readers are advised to seek independent professional advice and arrive at an informed trading/investment decision before executing any trades or making any investments. This Report has been prepared on the basis of publicly available information, internally developed data and other sources believed by ARSSBL to be reliable. ARSSBL or its directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information / opinions / views. While due care has been taken to ensure that the disclosures and opinions given are fair and reasonable, none of the directors, employees, affiliates or representatives of ARSSBL shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits arising in any way whatsoever from the information / opinions / views contained in this Report. The price and value of the investments referred to in this Report and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance. ARSSBL does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding taxation aspects of any potential investment.

Continued...

## Disclaimer:

Contd.

Opinions expressed are our current opinions as of the date appearing on this Research only. We do not undertake to advise you as to any change of our views expressed in this Report. Research Report may differ between ARSSBL's RAs and/ or ARSSBL's associate companies on account of differences in research methodology, personal judgment and difference in time horizons for which recommendations are made. User should keep this risk in mind and not hold ARSSBL, its employees and associates responsible for any losses, damages of any type whatsoever.

ARSSBL and its associates or employees may; (a) from time to time, have long or short positions in, and buy or sell the investments in/ security of company (ies) mentioned herein or (b) be engaged in any other transaction involving such investments/ securities of company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) these and other activities of ARSSBL and its associates or employees may not be construed as potential conflict of interest with respect to any recommendation and related information and opinions. Without limiting any of the foregoing, in no event shall ARSSBL and its associates or employees or any third party involved in, or related to computing or compiling the information have any liability for any damages of any kind.

Details of Associates of ARSSBL and Brief History of Disciplinary action by regulatory authorities & its associates are available on our website i. e. [www.rathionline.com](http://www.rathionline.com)

**Disclaimers in respect of jurisdiction:** This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject ARSSBL to any registration or licensing requirement within such jurisdiction(s). No action has been or will be taken by ARSSBL in any jurisdiction (other than India), where any action for such purpose(s) is required. Accordingly, this Report shall not be possessed, circulated and/or distributed in any such country or jurisdiction unless such action is in compliance with all applicable laws and regulations of such country or jurisdiction. ARSSBL requires such recipient to inform himself about and to observe any restrictions at his own expense, without any liability to ARSSBL. Any dispute arising out of this Report shall be subject to the exclusive jurisdiction of the Courts in India.

**Copyright:** - This report is strictly confidential and is being furnished to you solely for your information. All material presented in this report, unless specifically indicated otherwise, is under copyright to ARSSBL. None of the material, its content, or any copy of such material or content, may be altered in any way, transmitted, copied or reproduced (in whole or in part) or redistributed in any form to any other party, without the prior express written permission of ARSSBL. All trademarks, service marks and logos used in this report are trademarks or service marks or registered trademarks or service marks of ARSSBL or its affiliates, unless specifically mentioned otherwise.

Contd.



## Disclaimer:

Contd.

### Statements on ownership and material conflicts of interest, compensation - ARSSBL and Associates

Sr. No.	Statement	Answers to the Best of the knowledge and belief of the ARSSBL/ its Associates/ Research Analyst who is preparing this report
1	ARSSBL/its Associates/ Research Analyst/ his Relative have any financial interest in the subject company? Nature of Interest (if applicable), is given against the company's name?.	NO
2	ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report or date of the public appearance?.	NO
3	ARSSBL/its Associates/ Research Analyst/ his Relative have any other material conflict of interest at the time of publication of the research report or at the time of public appearance?.	NO
4	ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation from the subject company in the past twelve months.	NO
5	ARSSBL/its Associates/ Research Analyst/ his Relative have managed or co-managed public offering of securities for the subject company in the past twelve months.	NO
6	ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months.	NO
7	ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months.	NO
8	ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation or other benefits from the subject company or third party in connection with the research report.	NO
9	ARSSBL/its Associates/ Research Analyst/ his Relative have served as an officer, director or employee of the subject company.	NO
10	ARSSBL/its Associates/ Research Analyst/ his Relative has been engaged in market making activity for the subject company.	NO