

- 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 &amp; 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

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