



## Growth surprises; one-offs hit margin

Q4 revenue was up 18% YoY (vs est. 10% YoY) on 25%+ YoY growth in all segments bar annual issuer charges (up ~10% YoY). EBITDA margin adj for one-offs, CSR expenses and one-time tax provisions grew 13% YoY. Q4 adj margin was high at 53%; FY20 margin at ~47%.

CDSL's revenue resilience is likely to be tested in FY21 with lower capital market activity impacting Corp/ IPO charges. Issuer charges are likely to resume steady state growth rate of 8-12%, as spurt from unlisted private companies getting dematerialized settles into the base. We expect overall revenue to remain flat in FY21. Reported margin at 40% (FY20) is understated due to ~Rs 160 mn one-offs. We expect margin to resuscitate towards 50% over the next 2 years. We do not build in optionality for hike in fees across categories. We continue to like CDSL for its granular revenue streams and strong financials. **ADD** with TP of Rs 260 (20x FY22E EPS).

CMP : Rs 243  
 Potential Upside : 7%

### MARKET DATA

No. of Shares : 105 mn  
 Free Float : 80%  
 Market Cap : Rs 25 bn  
 52-week High / Low : Rs 302 / Rs 180  
 Avg. Daily vol. (6mth) : 811,849 shares  
 Bloomberg Code : CDSL IB Equity  
 Promoters Holding : 20%  
 FII / DII : 2% / 34%

## Result highlights

### ◆ Revenue trajectory

- Q4:** Revenue at ~Rs 599 mn grew ~18% YoY aided by strong performance in transaction charges (up 25%+ YoY), IPO/Corporate charges (up 75%+ YoY), online data charges (up 55%+ YoY) and continued momentum in annual issuer charges (up ~10% YoY). Across segments, revenue split during the quarter was ~33%/21%/19%/12%/2%/2%/4% for annual issuer/transaction/online data/IPO & Corp/E-KYC/document storage/statement to investors charges.
- FY20:** Revenue grew ~15% YoY to ~Rs 2.3 bn on ~15%/9%/14%/10% YoY growth in annual issuer/transaction/IPO & corporate/online data charges.

(Continued on page 2...)

### Financial summary (Consolidated)

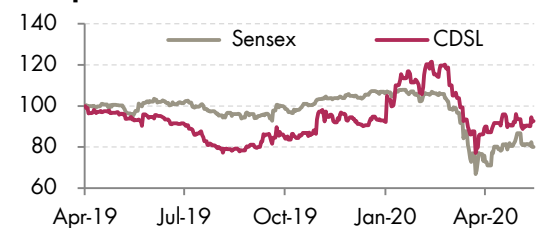
| Y/E March      | FY19  | FY20  | FY21E | FY22E |
|----------------|-------|-------|-------|-------|
| Sales (Rs mn)  | 1,963 | 2,251 | 2,272 | 2,554 |
| PAT (Rs mn)    | 1,148 | 1,067 | 1,127 | 1,359 |
| Con. EPS* (Rs) | -     | -     | 7.9   | 9.9   |
| EPS (Rs)       | 11.0  | 10.2  | 10.8  | 13.0  |
| Change YOY (%) | 10.8  | (7.0) | 5.6   | 20.5  |
| P/E (x)        | 22.1  | 23.7  | 22.5  | 18.7  |
| RoE (%)        | 18.1  | 15.3  | 14.8  | 16.1  |
| RoCE (%)       | 22.4  | 18.5  | 18.2  | 20.2  |
| EV/E (x)       | 23.1  | 28.3  | 24.4  | 20.6  |
| DPS (Rs)       | 4.2   | 4.8   | 3.8   | 4.6   |

Source: \*Consensus broker estimates, Company, Axis Capital; Note: CMP as of 20 May, 2020.

### Key drivers

| Particulars  | FY19 | FY20 | FY21E | FY22E |
|--------------|------|------|-------|-------|
| Rev. Growth  | 5%   | 15%  | 1%    | 12%   |
| OPM (%)      | 56%  | 40%  | 45%   | 48%   |
| FcFF (Rs mn) | 745  | 729  | 769   | 844   |

### Price performance



**Exhibit 1: Result snapshot**

| Particulars<br>(Rs mn)       | Quarter ended      |                    |             |                    |            |                    |           |                  | 12 months ended  |             |                  |            |
|------------------------------|--------------------|--------------------|-------------|--------------------|------------|--------------------|-----------|------------------|------------------|-------------|------------------|------------|
|                              | Mar-20<br>Reported | Mar-19<br>Reported | % Chg       | Mar-20<br>Adjusted | % Chg      | Dec-19<br>Reported | % Chg     | FY20<br>Reported | FY19<br>Reported | % Chg       | FY20<br>Adjusted | % Chg      |
| <b>Revenue</b>               | 599                | 509                | <b>18</b>   | 599                | <b>18</b>  | 541                | <b>11</b> | 2,251            | 1,963            | <b>15</b>   | 2,251            | <b>15</b>  |
| Employee Cost                | 93                 | 99                 | (5)         | 93                 | (5)        | 123                | (24)      | 473              | 342              | 38          | 473              | 38         |
| Operating Costs              | 247                | 130                | 90          | 187                | 44         | 257                | (4)       | 887              | 531              | 67          | 727              | 37         |
| <b>EBITDA</b>                | <b>258</b>         | <b>281</b>         | <b>(8)</b>  | <b>318</b>         | <b>13</b>  | <b>161</b>         | <b>61</b> | <b>890</b>       | <b>1,089</b>     | <b>(18)</b> | <b>1,050</b>     | <b>(4)</b> |
| Other income                 | 131                | 177                | (26)        | 131                | (26)       | 144                | (9)       | 592              | 492              | 20          | 592              | 20         |
| Depreciation                 | 30                 | 26                 | 16          | 30                 | 16         | 30                 | 0         | 117              | 99               | 18          | 117              | 18         |
| Interest                     | 0                  | -                  | NM          | 0                  | NM         | -                  | NM        | 0                | -                | NM          | 0                | NM         |
| <b>PBT</b>                   | <b>358</b>         | <b>432</b>         | <b>(17)</b> | <b>418</b>         | <b>(3)</b> | <b>274</b>         | <b>31</b> | <b>1,365</b>     | <b>1,482</b>     | <b>(8)</b>  | <b>1,524</b>     | <b>3</b>   |
| Tax                          | 77                 | 90                 | (15)        | 92                 | 2          | 58                 | 32        | 297              | 334              | (11)        | 337              | 1          |
| <b>PAT</b>                   | <b>281</b>         | <b>342</b>         | <b>(18)</b> | <b>326</b>         | <b>(5)</b> | <b>216</b>         | <b>30</b> | <b>1,067</b>     | <b>1,148</b>     | <b>(7)</b>  | <b>1,187</b>     | <b>3</b>   |
| No. Of shares (mn)           | 105                | 105                | -           | 105                | -          | 105                | -         | 105              | 105              | -           | 105              | -          |
| EBITDA margin (%)            | 43%                | 55%                | (1,201)     | 53%                | (199)      | 30%                | 1,338     | 40%              | 56%              | (1,595)     | 47%              | (884)      |
| <b>EPS - annualized (Rs)</b> | <b>10.8</b>        | <b>13.1</b>        | <b>(18)</b> | <b>12.5</b>        | <b>(5)</b> | <b>8.3</b>         | <b>30</b> | <b>10.2</b>      | <b>11.0</b>      | <b>(7)</b>  | <b>11.4</b>      | <b>3</b>   |

Source: Company, Axis Capital

**◆ Margin profile**

- **Q4:** Headline EBITDA declined ~8% YoY to ~Rs 258 mn with EBITDA margin at ~43% (vs. ~55% in Q4FY19). The compression in margin was largely on negative operating leverage in operating overheads (almost doubled in Q4). Management guided this was largely due to one-off expenses of ~Rs 60 mn (CSR spend and legal expense provision); excluding this, EBITDA would be ~Rs 318 mn (up ~13% YoY) with margin at ~53%.
- **FY20:** Headline EBITDA declined ~18% YoY ~Rs 890 mn with EBITDA margin at ~40% (vs. ~56% in FY19). Excluding one-off expenses (~Rs 160 mn on one-time tax settlement, CSR and legal expenses), EBITDA would be ~Rs 1.1 bn with margin at ~47%.

**◆ Earnings**

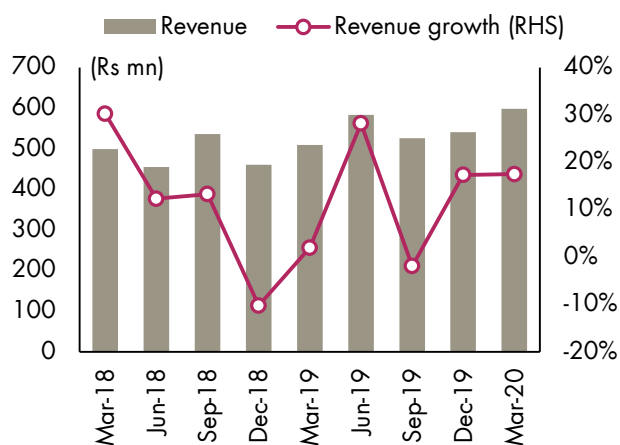
- **Q4:** PAT at ~Rs 281 mn declined ~18% YoY (on a higher base; sequentially PAT grew ~30% YoY); however, adjusting for one-offs, PAT would be ~Rs 325 mn (down ~5% YoY).
- **FY20:** PAT at ~Rs 1.1 bn declined ~7% YoY; however, excluding one-off expenses, PAT would be ~Rs 1.2 bn (up ~3% YoY).

**Conference call highlights**

- ◆ **Revenue split for FY20:** (1) annual issuer charges at ~Rs 775 mn, (2) transaction charges at ~Rs 430 mn, (3) online data charges at ~Rs 430 mn, (4) IPO/Corporate charges at ~Rs 230 mn, (4) statement to investors at ~Rs 90 mn, (5) document storage charges at ~Rs 50 mn, (6) government projects at ~Rs 95 mn and (7) E-voting charges at ~Rs 35 mn.
- ◆ **Annual issuer charges**
  - CDSL closed FY20 with 599 depository participants (vs. ~280 for NSDL) offering depository participant services across ~20K locations pan-India – representing ~94% pin codes. It provides demat services across 14,672 companies including listed (almost all) and some unlisted companies.

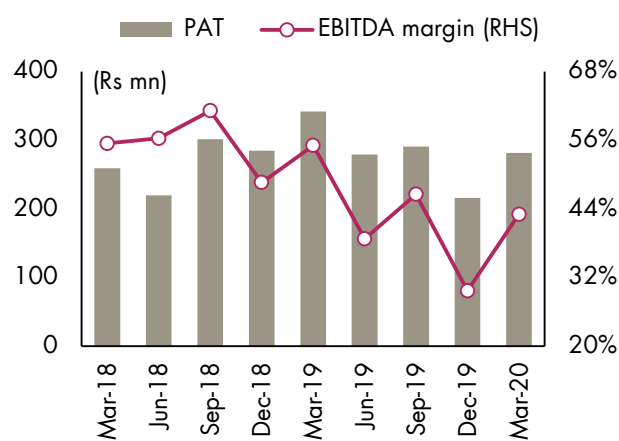
- With only ~11K (out of ~80K market opportunity) unlisted companies in India using demat services; there is ample headroom to grow. In FY20, CDSL added 2,120 new unlisted companies, taking its headcount to 3,250+ companies.
- Annual issuer charges collected from unlisted companies in Q4/FY20 was ~Rs 1.6/22.4 mn. During the year, volume of securities under custody increased by ~26% YoY.
- Annual issuer fees are increased every five years and though the 5-year period has lapsed factoring in the current pandemic scenario, it is unlikely that SEBI will immediately increase annual issuer fees for depositories.
- ◆ **Transaction charges:** As of Mar-20, BO accounts stood at ~21.2 mn (vs. ~17.4 mn in Mar-19). In Q4, new BO accounts added was ~1.5 mn (vs. ~930K/661K in Q3FY20/Q4FY19). CDSL's market share in incremental BO accounts remains high and is catching up with market leader NSDL.
- ◆ **Government project income** booked in FY20 was ~Rs 95 mn. Expenses charged for the same was ~Rs 65 mn.
- ◆ **KYC business:** As of Mar-20, registrations stood at ~21.6 mn (vs. ~18.8 mn in Mar-19). E-KYC processed in FY20 was ~1.14 mn (vs. 229K in FY19). CDSL remains the market leader with over ~60% market share.
- ◆ **CDSL ventures**
  - **GST Suvedha:** Processed ~27.7 mn transactions (vs. ~25.9 mn in FY19).
  - **RTAs:** CDSL has been registered with 402 RTAs (vs. 121 RTAs in FY19).
  - **Commodity repository:** Only agri based commodities have been allowed by the government; discussions for non-agri commodities is going on.
  - **NACD:** Registered 619 academic institutions (vs 527 in FY19) and uploaded academic records of ~28.3 mn (vs. ~10.4 mn in FY19). As of Mar-20, ~1.3 mn students are registered (vs. ~270K in FY19). NACD project has been handed over to 'Digilocker' and both depositories (CDSL and NSDL) won't be handling it in future.
- ◆ **COVID-19 impact and strategy**
  - With depository business classified under essential services, all operations of CDSL are running smoothly despite COVID-19 led lockdowns.
  - Collections in April-20 weakened due to cash crunch in current environment and management guided that the collections will come through once things normalize. Traditionally, CDSL has been charging provision for doubtful debt (8-9% of receivables); and management highlighted that bad debt provision in FY20 stood at ~Rs 75 mn (vs ~Rs 30 mn in FY19).
  - **Capex:** Investment in software & technologies and cyber security to be key capex areas for CDSL; however, plans may get delayed due to COVID-19 crisis.

**Exhibit 2: Revenue growth back on track**



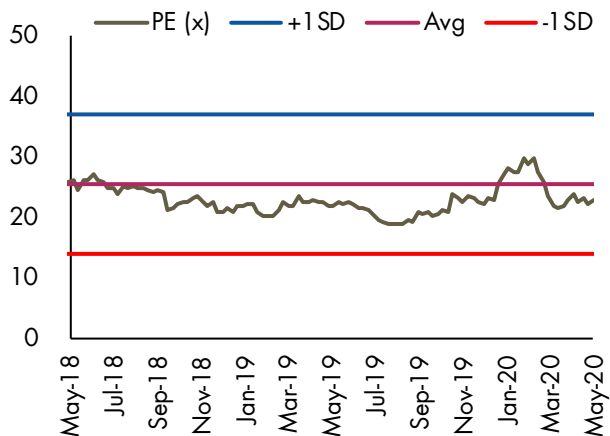
Source: Company, Axis Capital

**Exhibit 3: One-off impacts earnings growth**



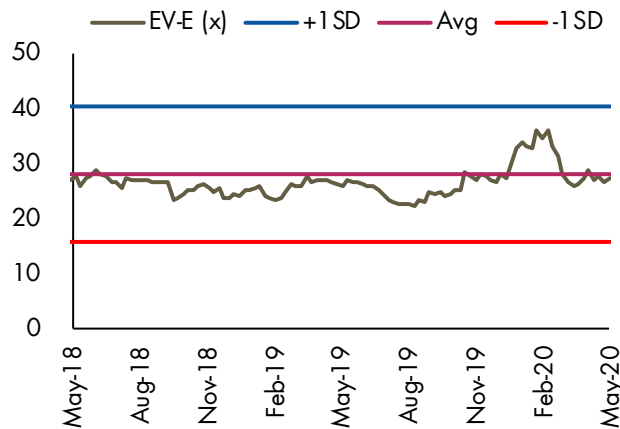
Source: Company, Axis Capital

**Exhibit 4: P/E trend**



Source: Bloomberg, Axis Capital

**Exhibit 5: EV/E trend**



Source: Bloomberg, Axis Capital

## Financial summary (Consolidated)

### Profit & loss (Rs mn)

| Y/E March                     | FY19         | FY20         | FY21E        | FY22E        |
|-------------------------------|--------------|--------------|--------------|--------------|
| Net sales                     | 1,963        | 2,251        | 2,272        | 2,554        |
| Other operating income        | -            | -            | -            | -            |
| <b>Total operating income</b> | <b>1,963</b> | <b>2,251</b> | <b>2,272</b> | <b>2,554</b> |
| Employee expenses             | (342)        | (473)        | (487)        | (523)        |
| Total operating expenses      | (873)        | (1,360)      | (1,239)      | (1,332)      |
| <b>EBITDA</b>                 | <b>1,089</b> | <b>890</b>   | <b>1,033</b> | <b>1,222</b> |
| <i>EBITDA margin (%)</i>      | <i>55.5</i>  | <i>39.6</i>  | <i>45.5</i>  | <i>47.9</i>  |
| <b>Depreciation</b>           | <b>(99)</b>  | <b>(117)</b> | <b>(120)</b> | <b>(120)</b> |
| <b>EBIT</b>                   | <b>990</b>   | <b>773</b>   | <b>913</b>   | <b>1,102</b> |
| Net interest                  | -            | -            | -            | -            |
| <b>Other income</b>           | <b>492</b>   | <b>592</b>   | <b>532</b>   | <b>640</b>   |
| <b>Profit before tax</b>      | <b>1,482</b> | <b>1,365</b> | <b>1,445</b> | <b>1,742</b> |
| Total taxation                | (334)        | (297)        | (318)        | (383)        |
| <i>Tax rate (%)</i>           | <i>22.5</i>  | <i>21.8</i>  | <i>22.0</i>  | <i>22.0</i>  |
| Reported PAT                  | 1,148        | 1,067        | 1,127        | 1,359        |
| Net non-recurring items       | -            | 160          | -            | -            |
| <b>Adjusted PAT</b>           | <b>1,148</b> | <b>1,187</b> | <b>1,127</b> | <b>1,359</b> |

### Balance sheet (Rs mn)

| Y/E March                       | FY19         | FY20         | FY21E        | FY22E        |
|---------------------------------|--------------|--------------|--------------|--------------|
| Paid-up capital                 | 1,045        | 1,045        | 1,045        | 1,045        |
| Reserves & surplus              | 5,636        | 6,195        | 6,928        | 7,811        |
| Net worth                       | 6,681        | 7,240        | 7,973        | 8,856        |
| Minority Interests              | 413          | 419          | 200          | 200          |
| Other non-current liabilities   | 8            | 12           | 12           | 12           |
| <b>Total liabilities</b>        | <b>7,102</b> | <b>7,670</b> | <b>8,185</b> | <b>9,068</b> |
| Gross fixed assets              | 993          | 1,101        | 1,101        | 1,171        |
| Less: Depreciation              | (240)        | (358)        | (478)        | (598)        |
| Net fixed assets                | 752          | 743          | 623          | 573          |
| Add: Capital WIP                | -            | -            | -            | -            |
| Total fixed assets              | 752          | 743          | 623          | 573          |
| Total Investments               | 5,933        | 6,646        | 7,546        | 8,446        |
| Inventory                       | 191          | 260          | 263          | 295          |
| Debtors                         | 120          | 128          | 125          | 140          |
| Cash & bank                     | 555          | 537          | 325          | 433          |
| Loans & advances                | -            | -            | -            | -            |
| Current liabilities             | 735          | 943          | 995          | 1,118        |
| Net current assets              | 131          | (17)         | (283)        | (250)        |
| <b>Other non-current assets</b> | <b>286</b>   | <b>298</b>   | <b>298</b>   | <b>298</b>   |
| <b>Total assets</b>             | <b>7,102</b> | <b>7,670</b> | <b>8,185</b> | <b>9,068</b> |

Source: Company, Axis Capital

### Cash flow (Rs mn)

| Y/E March                        | FY19         | FY20         | FY21E        | FY22E        |
|----------------------------------|--------------|--------------|--------------|--------------|
| Profit before tax                | 1,482        | 1,365        | 1,445        | 1,742        |
| Depreciation & Amortisation      | 99           | 117          | 120          | 120          |
| <i>Chg in working capital</i>    | <i>27</i>    | <i>11</i>    | <i>53</i>    | <i>75</i>    |
| <b>Cash flow from operations</b> | <b>857</b>   | <b>821</b>   | <b>769</b>   | <b>914</b>   |
| <i>Capital expenditure</i>       | <i>(112)</i> | <i>(93)</i>  | -            | <i>(70)</i>  |
| <b>Cash flow from investing</b>  | <b>(668)</b> | <b>(327)</b> | <b>(586)</b> | <b>(330)</b> |
| <i>Equity raised/ (repaid)</i>   | <i>240</i>   | <i>(8)</i>   | -            | -            |
| <i>Debt raised/ (repaid)</i>     | -            | <i>(1)</i>   | -            | -            |
| <i>Dividend paid</i>             | <i>(441)</i> | <i>(504)</i> | <i>(395)</i> | <i>(475)</i> |
| <b>Cash flow from financing</b>  | <b>(201)</b> | <b>(513)</b> | <b>(395)</b> | <b>(475)</b> |
| Net chg in cash                  | (12)         | (18)         | (212)        | 108          |

### Key ratios

| Y/E March                         | FY19         | FY20         | FY21E        | FY22E        |
|-----------------------------------|--------------|--------------|--------------|--------------|
| <b>OPERATIONAL</b>                |              |              |              |              |
| FDEPS (Rs)                        | 11.0         | 10.2         | 10.8         | 13.0         |
| CEPS (Rs)                         | 11.9         | 11.3         | 11.9         | 14.1         |
| DPS (Rs)                          | 4.2          | 4.8          | 3.8          | 4.6          |
| <b>Dividend payout ratio (%)</b>  | <b>38.4</b>  | <b>47.2</b>  | <b>35.0</b>  | <b>35.0</b>  |
| <b>GROWTH</b>                     |              |              |              |              |
| Net sales (%)                     | 4.6          | 14.7         | 1.0          | 12.4         |
| EBITDA (%)                        | (1.3)        | (18.3)       | 16.1         | 18.3         |
| Reported net profit (%)           | 10.8         | (7.0)        | 5.6          | 20.5         |
| <b>FDEPS (%)</b>                  | <b>10.8</b>  | <b>(7.0)</b> | <b>5.6</b>   | <b>20.5</b>  |
| <b>PERFORMANCE</b>                |              |              |              |              |
| RoE (%)                           | 18.1         | 15.3         | 14.8         | 16.1         |
| <b>RoCE (%)</b>                   | <b>22.4</b>  | <b>18.5</b>  | <b>18.2</b>  | <b>20.2</b>  |
| <b>EFFICIENCY</b>                 |              |              |              |              |
| Asset turnover (x)                | 0.3          | 0.3          | 0.3          | 0.3          |
| Sales/ total assets (x)           | 0.3          | 0.3          | 0.3          | 0.3          |
| <b>Working capital/ sales (x)</b> | <b>(0.2)</b> | <b>(0.2)</b> | <b>(0.3)</b> | <b>(0.3)</b> |
| Receivable days                   | 22.4         | 20.8         | 20.0         | 20.0         |
| <b>Inventory days</b>             | <b>80.0</b>  | <b>69.8</b>  | <b>77.4</b>  | <b>80.9</b>  |
| Payable days                      | 266.4        | 203.6        | 238.4        | 249.3        |
| <b>FINANCIAL STABILITY</b>        |              |              |              |              |
| Total debt/ equity (x)            | -            | -            | -            | -            |
| Net debt/ equity (x)              | (0.1)        | (0.1)        | (0.1)        | (0.1)        |
| Current ratio (x)                 | 1.2          | 1.0          | 0.7          | 0.8          |
| Interest cover (x)                | -            | -            | -            | -            |
| <b>VALUATION</b>                  |              |              |              |              |
| PE (x)                            | 22.1         | 23.7         | 22.5         | 18.7         |
| EV/ EBITDA (x)                    | 23.1         | 28.3         | 24.4         | 20.6         |
| EV/ Net sales (x)                 | 12.8         | 11.2         | 11.1         | 9.8          |
| PB (x)                            | 3.8          | 3.5          | 3.2          | 2.9          |
| Dividend yield (%)                | 1.7          | 2.0          | 1.6          | 1.9          |
| Free cash flow yield (%)          | 2.9          | 2.6          | 3.0          | 3.3          |

Source: Company, Axis Capital

Axis Capital Limited is registered with the Securities & Exchange Board of India (SEBI) as "Research Analyst" with SEBI-registration number INH000002434 and which registration is valid till it is suspended or cancelled by the SEBI.

### **DISCLAIMERS / DISCLOSURES**

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

1. Axis Capital Limited (ACL), the Research Entity (RE) as defined in the Regulations, is also engaged in the business of Investment banking, Stock broking and Distribution of Mutual Fund products.
2. ACL is also registered with the Securities & Exchange Board of India (SEBI) for its investment banking and stockbroking business activities and with the Association of Mutual Funds of India (AMFI) for distribution of financial products.
3. ACL has no material adverse disciplinary history as on the date of publication of this report
4. ACL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that ACL may have a conflict of interest that may affect the objectivity of this report. Investors should not consider this report as the only factor in making their investment decision.
5. The RE and /or the research analyst or any of his / her family members or relatives may have financial interest or any other material conflict of interest in the subject company of this research report.
6. The research analyst has not served as director / officer, etc. in the subject company in the last 12-month period ending on the last day of the month immediately preceding the date of publication of this research report.
7. The RE and / or the research analyst or any of his / her family members or relatives may have actual / beneficial ownership exceeding 1% or more, of the securities of the subject company as at the end of the month immediately preceding the date of publication of this research report.
8. In the last 12-month period ending on the last day of the month immediately preceding the date of publication of this research report ACL or any of its associates may have:
  - i. Received compensation for investment banking, merchant banking or stock broking services or for any other services from the subject company of this research report and / or;
  - ii. Managed or co-managed public offering of the securities from the subject company of this research report and / or;
  - iii. Received compensation for products or services other than investment banking, merchant banking or stockbroking services from the subject company of this research report.
9. The other disclosures / terms and conditions on which this research report is being published are as under:
  - i. This document is prepared for the sole use of the clients or prospective clients of ACL who are / proposed to be registered in India. It may be also be accessed through financial websites by those persons who are usually enabled to access such websites. It is not for sale or distribution to the general public.
  - ii. This document is provided for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision.
  - iii. Nothing in this document should be construed as investment or financial advice, or advice to buy / sell or solicitation to buy / sell the securities of companies referred to therein.
  - iv. The intent of this document is not to be recommendatory in nature
  - v. The investment discussed or views expressed may not be suitable for all investors. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the suitability, merits and risks of such an investment.
  - vi. ACL has not independently verified all the information given in this document. Accordingly, no representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document
  - vii. ACL does not engage in market making activity.
  - viii. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval
  - ix. Subject to the disclosures made herein above, ACL, its affiliates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct entity, independent of each other. The recipient shall take this into account before interpreting the document.
  - x. This report has been prepared on the basis of information, which is already available in publicly accessible media or developed through analysis of ACL. The views expressed are those of analyst and the Company may or may not subscribe to all the views expressed therein

- x. This document is being supplied to the recipient solely for information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose and the same shall be void where prohibited.
- xi. Neither the whole nor part of this document or copy thereof may be taken or transmitted into the United States of America "U.S. Persons" (except to major US institutional investors ("MII")), Canada, Japan and the People's Republic of China (China) or distributed or redistributed, directly or indirectly, in the United States of America (except to MII), Canada, Japan and China or to any resident thereof.
- xii. Where the report is distributed within the United States ("U.S.") it is being distributed pursuant to a chaperoning agreement with Axis Capital USA, LLC pursuant to Rule 15a-6. The distribution of this document in other jurisdictions may be restricted by law, and persons into whose possession this document may come shall inform themselves about, and observe, any such restrictions.
- xiii. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including but not limited to loss of capital, revenue or profits that may arise from or in connection with the use of the information.
- xiv. Copyright of this document vests exclusively with Axis Capital Limited.

### **Research Disclosure - NOTICE TO US INVESTORS:**

This report was prepared, approved, published and distributed by Axis Capital Limited, a company located outside of the United States (a "non-US Company"). This report is distributed in the U.S. by Axis Capital USA LLC, a U.S. registered broker dealer, which assumes responsibility for the research report's content, and is meant only for major U.S. institutional investors (as defined in Rule 15a-6 under the U.S. Securities Exchange Act of 1934 (the "Exchange Act")) pursuant to the exemption in Rule 15a-6 and any transaction effected by a U.S. customer in the securities described in this report must be effected through Axis Capital USA LLC rather than with or through the non-US Company.

Neither the report nor any analyst who prepared or approved the report is subject to U.S. legal requirements or the Financial Industry Regulatory Authority, Inc. ("FINRA") or other regulatory requirements pertaining to research reports or research analysts. The non-US Company is not registered as a broker-dealer under the Exchange Act or is a member of the Financial Industry Regulatory Authority, Inc. or any other U.S. self-regulatory organization. The non-US Company is the employer of the research analyst(s) responsible for this research report. The research analysts preparing this report are resident outside the United States and are not associated persons of any US regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a US broker-dealer, and are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with US rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

The non-US Company will refrain from initiating follow-up contacts with any recipient of this research report that does not qualify as a Major Institutional Investor, or seek to otherwise induce or attempt to induce the purchase or sale of any security addressed in this research report by such recipient.

### **ANALYST DISCLOSURES**

1. The analyst(s) declares that neither he/ his relatives have a Beneficial or Actual ownership of > 1% of equity of subject company/ companies;
2. The analyst(s) declares that he has no material conflict of interest with the subject company/ companies of this report;
3. The research analyst (or analysts) certifies that the views expressed in the research report accurately reflect such research analyst's personal views about the subject securities and issuers; and
4. The research analyst (or analysts) certifies that no part of his or her compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in the research report.

### Axis Capital Limited

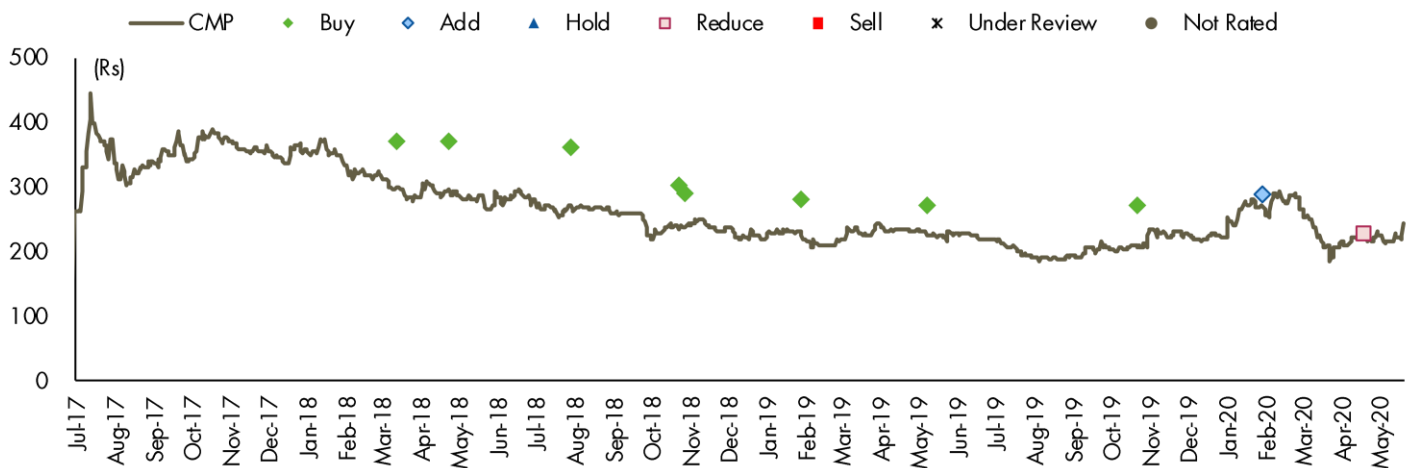
Axis House, C2, Wadia International Centre, P.B Marg, Worli, Mumbai 400 025, India.

**Tel:- Board** +91-22 4325 2525; **Dealing** +91-22 2438 8861-69;

**Fax:- Research** +91-22 4325 1100; **Dealing** +91-22 4325 3500

| DEFINITION OF RATINGS |  |
|-----------------------|--|
| Ratings               | Expected absolute returns over 12 months |
| BUY                   | More than 15%                            |
| ADD                   | Between 5% to 15%                        |
| REDUCE                | Between 5% to -10 %                      |
| SELL                  | More than -10%                           |

#### Central Depository Services India (CENABO, CDSL IN) Price and Recommendation History



| Date      | Target Price | Reco   |
|-----------|--------------|--------|
| 14-Mar-18 | 370          | Buy    |
| 24-Apr-18 | 370          | Buy    |
| 30-Jul-18 | 360          | Buy    |
| 24-Oct-18 | 300          | Buy    |
| 29-Oct-18 | 290          | Buy    |
| 28-Jan-19 | 280          | Buy    |
| 8-May-19  | 270          | Buy    |
| 22-Oct-19 | 270          | Buy    |
| 29-Jan-20 | 290          | Add    |
| 17-Apr-20 | 230          | Reduce |

Source: Axis Capital