

WEALTH WEEKLY

Weekly Alerts You Can Use!

Weekly View: Nifty, Bank Nifty:

Indices	CMP	Support	Resistance	50 DMA	200 DMA	Range	Preferred Trade
NIFTY	23151	22500	23561	25358	25317	22670-23322	Sell at CMP. Targets at 22500/22211. Aggressive targets at 21800-21900. Stop at 23577.
BANK NIFTY	53758	51300	55000	59518	57501	52300-55100	Sell at CMP Targets at 51300/49700. Aggressive targets at 47000. Stop at 55000.

Medium Term Pick:

Stocks	CMP	Support	Resistance	50 DMA	200 DMA	Bias	Preferred Trade
CDSL	1177	975	1419	1338	1532	Negative	Promoted by the BSE Limited, CDSL is one of India's leading securities depositories, providing services that facilitate the holding and transfer of securities in electronic form and offers a wide range of services including depository services, e-KYC, e-voting, insurance repository services, and commodity repository services. The structural story for CDSL remains strong, but near-term risks outweigh rewards. Major concerns include, slowing demat account growth, market-cycle dependent revenues, elevated valuations, Rising competition from NSDL. Technically, the stock at the moment is witnessing massive long unwinding and aiming to breakdown on the long-term charts and that's on backdrop of one way down-move since June 2025 high at Rs 1829. Look to sell at CMP, and on strength between 1250-1275 zone, targeting 1047/975, and then aggressive targets at 850-875 zone. Stop above 1419. Holding Period 1-3 Months.

CDSL	SELL
CMP	1176
Target Price	1000
Stop	1419
52 Week H/L	1829/1047
P/E	52.97
EPS (TTM)	22.79
Promoter Holding/FIIs/DIIs/FIIs/Public	15%/12.40%/15.12%/57.49%
Book Value	83.40
Market Cap (INR)	24,589

CDSL – Company Overview

Central Depository Services (India) Limited (CDSL) is one of India's leading securities depositories, providing services that facilitate the holding and transfer of securities in electronic form. Established in 1999, CDSL plays a crucial role in India's capital market infrastructure by enabling investors to hold shares, bonds, mutual funds, and other financial instruments in dematerialized (demat) format.

Promoted by the BSE Limited, CDSL offers a wide range of services including depository services, e-KYC, e-voting, insurance

repository services, and commodity repository services. The company works through a large network of depository participants (DPs) such as banks, brokers, and financial institutions to serve millions of investors across the country.

CDSL has emerged as a key player in the financial ecosystem and has witnessed significant growth with the rapid increase in retail investor participation and demat account openings in India.

Investment View: SELL / AVOID AT CURRENT LEVELS

1) Business highly cyclical – tied to market activity: CDSL's revenue model is **directly linked to capital market activity**, particularly trading volumes and new demat account openings. During market slowdowns, **transaction fees decline sharply**, impacting profitability. Recent quarters have already shown signs of **earnings volatility**, with revenue and profits declining sequentially as market activity cooled.

2) Sharp slowdown in new demat account growth

One of the biggest growth drivers for CDSL has been the **boom in retail investors**, but this trend is now cooling.

A) New demat account additions **dropped sharply in 2025**. B) Monthly additions declined around **48% YoY** at one point.

This signals that the hyper-growth phase of retail participation may be fading, which could slow CDSL's revenue momentum.

3) Rising competition risk from NSDL

India's depository business is effectively a **duopoly between CDSL and NSDL**.

However: • **National Securities Depository Limited (NSDL)** dominates the **institutional segment**. • NSDL controls **~65% market share of active instruments**, while CDSL holds roughly **35%**.

With **NSDL expanding partnerships and technology infrastructure**, competitive pressures could intensify.

4) Valuations appear stretched

CDSL has historically traded at very high valuation multiples compared with peers.

- P/E multiple around **52–55x earnings**.
- Market cap-to-sales nearly **30x**.

These valuations imply **strong growth expectations**, leaving little margin of safety if earnings slow.

5) Recent earnings pressure

Recent results highlight emerging pressure:

- Profit declines in some quarters.
- Revenue growth slowing due to lower transaction activity.

In addition, rising operating costs and technology investments have begun compressing margins.

CDSL FY26 Results (Oct–Dec 2025)

CDSL (Central Depository Services Ltd) reported muted Q3 FY26 results, with consolidated net profit rising marginally by 2% year-on-year to ₹133 crore, while revenue increased 9.4% to ₹304 crore. EBITDA margins contracted due to rising expenses, marking a slowdown in profit growth compared to previous quarters, according to reports from

Why CDSL Stock Is Looking Weak

Despite strong fundamentals amidst rapid financialization of savings in India, long-term growth in demat accounts and expansion into insurance repository and KYC services, the stock price has shown relative underperformance recently.

Technical Outlook: The stock at the moment is witnessing massive long unwinding and aiming to breakdown on the long-term charts and that's on backdrop of one way down-move since June 2025 high at Rs 1829.

Major supports are now placed at 1000-1050 zone. The 200 DMA is placed at 1532 levels. The recent sequence of lower high/low is intact on the daily and weekly charts time frames. A move below March 2025 low at 1047 is likely to signal more long unwinding.

Preferred Trade Setup (Sell Strategy): Look to sell at CMP, and on strength between 1250-1275 zone, targeting 1047/975, and then aggressive targets at 850-875 zone. Stop above 1419. Holding Period 1-3 Months.

Daily Chart of CDSL :

