

CDSL/CS/NSE/AD/2025/ 204

August 01, 2025

**The Manager,
Listing Compliance Department,
National Stock Exchange of India Ltd,
Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai – 400051**

**Symbol: CDSL
ISIN: INE736A01011**

Sub: Analyst/Investor Call/Conference Call held on July 28, 2025.

**Re: Disclosure under Regulation 30 of Securities and Exchange Board of India
(Listing Obligations and Disclosure Requirements) Regulations, 2015.**

Dear Sir/Madam,

This is with reference to our intimation dated July 22, 2025, for scheduling of Conference Call on Monday, July 28, 2025. In this regard, please find attached the transcript of the aforesaid Conference Call.

The above information is also available on the website of the Company www.cdslindia.com

This is for your information and record.

Thanking you.

Yours faithfully

For Central Depository Services (India) Limited

**Nilay Shah
Company Secretary & Compliance Officer
ACS No.: A20586**

Encl: As above



“Central Depository Services (India) Limited
Q1 FY '26 Earnings Conference Call”
July 28, 2025



MANAGEMENT: **Mr. Nehal Vora–Managing Director and Chief Executive Officer– Central Depository Services (India) Limited**
Mr. Girish Amesara – Chief Financial Officer – Central Depository Services (India) Limited
Mr. Sunil Alvares – Managing Director and Chief Executive Officer -- CDSL Ventures Limited
Mr. Latesh Shetty – Managing Director and Chief Executive Officer – Centrico Insurance Repository Limited
Mr. Kamlendra Srivastava - Managing Director & Chief Executive Officer – Countrywide Commodity Repository Limited
Mr. Swaroop Gothi, Financial Controller

MODERATOR: **Mr. Amit Chandra – HDFC Securities**

Moderator: Ladies and gentlemen, good day, and welcome to the CDSL Q1 FY '26 Conference Call hosted by HDFC Securities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

Ladies and gentlemen, please note that CDSL does not provide specific revenue or earnings guidance. Anything said on this call which reflects CDSL's outlook for the future or which could be constituted as forward-looking statements must be reviewed in conjunction with the risks that the company faces.

I would now like to hand the conference over to Mr. Amit Chandra from HDFC Securities. Thank you and over to you, Mr. Chandra.

Amit Chandra: Thank you, operator. Good afternoon, everyone. On behalf of HDFC Securities, we welcome you all to the CDSL Q1 FY '26 Earnings Call. Today, we have with us the management team of CDSL, represented by Mr. Nehal Vohra, MD and CEO, Mr. Girish Amesara, Chief Financial Officer and other senior leaders from the management team. We will start with a brief overview of the quarter by Mr. Nehal and then we will open the floor for the question-and-answer session. Thank you and over to you, Mr. Nehal, sir.

Nehal Vora: Very good afternoon and welcome, everyone. I hope each of you and your loved ones are safe and healthy. Thank you for joining us today to discuss CDSL's financial results for the first quarter of the FY '25-'26.

We posted a detailed investor presentation on our website for your reference. I am joined by the CDSL Group's leadership team. Let me start with the industry highlights and take you through some of the key aspects of our performance.

The average daily turnover at BSE & NSE in Q1 FY '26 was at about INR1.16 lakh crores, a jump of 15% from the last quarter. I am glad to report that we are close to a count of 20 crores Demat accounts as an industry. CDSL saw more than 56 lakh accounts opened in this quarter, bringing our total to 15.86 crore Demat accounts, maintaining a 79% market share. This is as on June 30, 2025.

In order to further the mission of investor education empowerment, both the depositories have collaborated to introduce a new feature in the respective investor apps, CDSL's app being called MyEasi. This reform enables retail shareholders to access proxy advisory recommendations while voting on company resolutions through the e-voting system.

The intent of doing this is to ensure more shareholder activism and more power and tools to each retail shareholder to responsibly vote for their shareholder meetings. This will also enhance transparency and corporate governance standards across the Indian industry. Having access to the proxy advisory recommendation will also enable investors to make informed decisions with confidence.

The CDSL Investor Protection Fund also introduced its new awareness platform, a comprehensive online resource made available in English and 11 other languages. This website or microsite has been designed specifically for investors as a one-stop shop for all the investor education and empowerment concepts, including securities market concepts, to encourage responsible investing. The new feature in the investor app and the new website with CDSL IPF were both unveiled by the Honorable SEBI Chairperson Shri Tuhin Kanta Pandey.

We invite you to explore both platforms and share them within your circles so together we can continue building a more informed and engaged investor community. I'm also happy to share that CDSL was recognized with the 'Innovation in Market Infrastructure Award' at the Leaders in Custody Asia Awards 2025 by Global Custodian. In June 2025, Mr. Girish Amesara, Chief Financial Officer, was declared as a winner of the FE CFO award in the Small Enterprises segment under services sector. We are humbled by these recognitions and continue to remain committed to serving the Indian securities market.

Before I hand it over to Girish Amesara, Chief Financial Officer, I would like to reaffirm that CDSL's focus remains on enhancing the capital market ecosystem by enhancing efficiency, trust and transparency. We are prioritizing our #AtmanirbharInvestor-focused approach while striving for innovation resulting in consistent and sustainable financial and business performance.

The market with its ebbs and flows has shown incredible resilience in these last few months and we owe it to the strong ecosystem who put their constant faith in us. My appreciation and gratitude to all our stakeholders, regulators, depository participants, investors, issuers and the wider ecosystem and last but not the least the employees of CDSL. Thank you and over to you, Girish.

Girish Amesara:

Thank you, Nehal, Good morning to everyone. Speaking on the consolidated quarterly performance, the total income for the quarter ended June 2025 is achieved at INR295 crores as against INR287 crores for the previous corresponding quarter. The net profit for the quarter ended June 2025 is at INR102 crores as against INR134 crores for the corresponding quarter of the previous year.

On a stand-alone basis, the total income for the quarter ended June 2025 is at INR312 crores as against INR221 crores for the corresponding quarter of the previous year. The net profit for the quarter June 2025 is at INR152 crores as against INR105 crores for the corresponding quarter of the previous year.

Now I will hand over to Mr. Sunil Alvares who will take us through our wholly on subsidiary CDSL Ventures performance. Over to you, Sunil. Thank you.

Sunil Alvares:

Thanks, Girish. CVL total income for the three-month FY '26 was at INR43.06 crores as compared to INR64.37 crores for three-month FY '25. The total expenditure was at INR30.35 crores for three-month FY '26 as against INR35.82 crores for three-month FY '25. The profit after tax for three-months FY26 was at INR12.71 crores as against INR28.55 crores. With this, I will open the floor for the questions and answers.

Moderator: Thank you very much. We will now begin the questions and answer session. First question is from Ashish Kumar from Ampersand Capital Investment Advisors. Please go ahead.

Ashish Kumar: So, my first question is on employee expenses. There has been a sharp rise on QOQ basis. So, what was the reason for this and what kind of growth are we expecting for the full year? Second question is on what kind of IT spends are we looking for the full year and is it going towards any new products or like it is mostly maintenance? Are we looking for some innovative products which are coming in the market? So, those are my two questions.

Nehal Vora: So, one is at the outset, we do not give forward-looking statements. So, I will restrict my comments to the current expenses and what the overall theme and intent is. See, the two important inputs for CDSL as a market infrastructure institution is the technology spend and the human resource spend.

So, as we are growing in size, and I would urge you to even look at the market infrastructure institutions with regulations which SEBI have mooted. For depositories, there is a separate regulation and separate for exchanges and clearing corporation. It constitutes into vertical 1, vertical 2 and vertical 3, where the IT and critical operations form a part of vertical 1, regulation risk and control functions form part of vertical 2 and business and others form part of vertical 3.

So, as per that, the requisite focus needs to be given for continuity of critical operations and technology and as we are growing in size and sophistication, we need the people to get recruited in all these three verticals at the paramount form. Also, the year-end performance appraisal variable payouts have been reflected in this quarter. So, that is the other thing which you will need to factor in.

Our intent is to build a more long-term resilient infrastructure institution as I have been saying in all my past investor calls. So, it is more of a long-term play which this company is going into, has been, has been and will continue to embark on.

On the technology front, on all the four components of infrastructure, application, security and network is where we are continuously innovating as per the new products which are getting initiated. This is to bring in a lot of nimbleness in our systems but at the same time bring in the best-in-class products. So, it is a combination of building newer platforms and also enhancing the efficiency and the sophistication of the infrastructure.

Ashish Kumar: Thanks, thanks. That is all from my side.

Moderator: Thank you. The next question is from Mr. Amit Chandra from HDFC Securities. Please go ahead.

Amit Chandra: Yes, sir. Thanks for the opportunity. So, my question is on the annual issuer charges. So, obviously, we have seen a very sharp jump in the annual issuer charges both on sequential and YOY basis. So, if you can explain now what could be the reason for such a sharp jump here? Is it only increase in the number of retail participants and the folios or is it also because of the unlisted revenue if you can provide some breakup there?

And how do we see that like moving because we have been accelerating on that front? So, that is my first question. Second would be on the online data drive which is the KYC revenue. This is the third quarter where we are seeing sequential decline and the second quarter we are seeing ROI decline.

And, what is causing this and is there any measures we are taking to correct this? And if you can give the mix between the KYC creation and such and what is exactly causing the decline here? Thank you.

Nehal Vora:

Yes. So, on the first count, it is mainly an account of increase in folios which are relevant to the CDSL part as per the framework which SEBI has prescribed on how such charges are supposed to be charged to companies. So, that will answer your first question. In the unlisted front while it is a new source, it is kind of early days in terms of the overall scheme of things.

So, again, going back to my earlier question that we want to build a strong resilient long-term business proposition and which is seamless. So, I think that when you get more and more people using your platform and then that causes the increase in the overall revenue on a long-term sustainable basis.

On the second question, I will ask Sunil to answer that.

Sunil:

If you ask the percentage of creation and fetch, it is about 85% to about 15%. And the drop in income was primarily because of market conditions where the number of accounts were lower, which resulted in lower KYC fetches. I hope that answers your question.

Amit Chandra:

Okay. My last question would be on the cost side. Obviously, you have mentioned about the increase that we have seen in the employee benefit expenses. But from an overall perspective, based on what this new SEBI regulation suggests, where are we in the journey in terms of the over vamp of our cost structure?

Is it we are going to see similar kind of investments going further into employee? Or are we like invested and we see a steady rise from here in terms of employee benefit expenses? So, I just want to understand in terms of where we are in the journey in terms of the overall that we are doing in terms of the overall heavy structuring that we are doing internally. And secondly, on the tax rate for this quarter has been on the higher side, if you can explain that. Thank you.

Nehal Vora:

Yes. So, on the first one, we again do not give a forward-looking statement. But the ethos is that we currently are in overall the theme which has been laid down in the regulation from a spirit standpoint is being applied.

And it is more of building the right platforms to ensure that we are all set for growth as we move forward. And as the overall Indian economy grows, more and more people are expected to join the ecosystem. CDSL is equipped to ensure that it has the right infrastructure, the right people to handle that load.

So, it is more of a combination of current business operations coupled with a more long-term planning also, so that we are completely in sync with what is expected. Supposedly, like we see

a growth what we have seen about two or three years ago, post-COVID. And that is more of a more proactive planning also which is going.

It is also to ensure that the overall sophistication which is expected by the wider ecosystem is also adhered to. And we are able to kind of gauge what the requirements are and nimble enough to restructure our infrastructure as and when required. So, it brings in a lot of sophistication as we move along. On the tax, I will ask the CFO to answer.

Girish Amesara: See Amit, normally we receive dividends from our subsidiary companies. And that we take advantage for the purpose of taxation on a stand-alone basis. So, when we do a consolidation in the first quarter, wherever there is a dividend increase in stand-alone, the tax, deferred portion of the tax tends to increase at a consolidated level. All subsidiary companies taxes are considered in consolidation based on the stand-alone taxes. So, it is an impact of tax adjustment on account of dividend received from subsidiary companies.

Amit Chandra: Okay, sir. Thank you. Thank you.

Moderator: Next question is from Uday Pai from Investec. Please go ahead.

Uday Pai: Hi, thanks for taking my question. I just had one question on the KYC front. So, there is a newsflash that government is going to revamp central KYC from March 2026. So, can you give us some color? Is that beneficial to us or how would it impact us, our KYC business? Thank you.

Nehal Vora: So, see overall we will have to see once the new model is announced. But I think the intent is that the existing KRA system is efficient. It is seen by the market. So, how it can be leveraged further to enhancing the benefits of that as we move to the next phase of the KYC model. So, it is kind of really early days, but I am fairly sure and certain that the existing benefits of our system will continue and is at least expected to continue in the new framework also.

Sunil Alvares: Yes, like just what Nehal said, the KRAs will be integrating with the CKYC. That is all we know about it as of now. So, as and when it happens, and we have more details, we will be able to tell you how it is going to happen.

Uday Pai: Sure, sir. Can you just tell me what is the KYC revenue as a percentage of your total console revenue right now?

Girish Amesara: It is around 13% in the current quarter.

Uday Pai: Sure, sir. Thank you. That is it from my side.

Moderator: Thank you. Next question is from Mohit Motwani from Tara Capital. Please go ahead.

Mohit Motwani: Yes, I just need a clarification on the annual issue charges. So, I understand that the revenue for any year is based on the average number of folios in the previous financial year. So, can you just let us know how does it accrue over the four quarters? And does it mean that the addition of issuers in a quarter does not contribute much to revenue? So, if you can just explain that, please.

- Nehal Vora:** No. So, there are two parts of the annual issuer. One is that what is the going concern of which are already listed is based on the past financial years folios which is getting billed to the issuer at the beginning of the first quarter. And as on there are new issuances, those will be payable by these issuers to depositories based on the size, etc., as and when it happens. And then in the subsequent financial year, it will follow the framework which I described earlier.
- Mohit Motwani:** Sure. And in regard to the IPO, corporate action revenues, so we saw a sharp decline sequentially in the number of applications, yet the IPO corporate action didn't see a very sharp decline. So, was it like the corporate actions contributed much to the revenues? If you cannot share the number, the qualitative sense would be helpful.
- Nehal Vora:** Yes. So, you can take an estimate. The number of IPOs is anyway out in the public domain. And that the remaining would be the corporate actions which are consolidated number which is getting reported
- Mohit Motwani:** Okay. So, corporate action would have contributed more to this quarter revenue. Is that understanding correct?
- Nehal Vora:** Yes. I mean, as a percentage as compared to the other quarters, the corporate action percentage contribution to this combined bucket will be more because the number of IPOs are comparatively lower.
- Mohit Motwani:** Sure. Thank you for those answers. Thank you. That's all from my end.
- Moderator:** Thank you. Next question is from Vaibhav Sharma from Nuvama Wealth Management. Please go ahead.
- Madhukar Ladha:** So, this is Madhukar Ladha from Nuvama. So, just one on the annual issuer charges. Sir, can you give a breakdown of unlisted and listed? And I think in one of the previous calls, you had also mentioned the number of folios. So, which was, I think INR22.76 crores for the previous period. So, can you also give me the folio count for what you're using in FY26?
- Next on employee cost, you mentioned that there is some bonus provision also in Q1. So, can you give me the bonus provision number as well? So, yes, those would be my two questions?
- Nehal Vora:** I'll ask the CFO to answer both the questions.
- Girish Amesara:** So, the folio, average folio for this financial year is INR33.26 crores. In bonus provision, normally we don't give the breakup of the employee cost in financial results. But it is as per the overall policy that we have implemented at CDSL, which is consistently being followed since last couple of years.
- Madhukar Ladha:** And sir unlisted charges. So, how much is that for unlisted companies?
- Girish Amesara:** So, unlisted revenue for this quarter is INR6.39 crores.
- Madhukar Ladha:** Okay. And is there any one-time element in the annual issuer charges for in Q1?

- Girish Amesara:** The application processing fee that we collect is one-time fee, and it is at INR5.23 crores.
- Madhukar Ladha:** Got it. This is very helpful. Yes, I'll come back in a few.
- Moderator:** Thank you very much. Next question is from Swarnabh Mukherjee from B&K Securities. Please go ahead.
- Swarnabh Mukherjee:** Thank you for the opportunity. Most of my questions have been answered. I just wanted to understand that this bonus provision that you have mentioned, that is unlikely to arise or is it like provided over every quarter for the whole year? If you could show some color on that and also some data keeping questions, if you could split out the cas income, evoting income and pledge income for the quarter and any impairment cost?
- Nehal Vora:** Sure. I will ask the CFO to answer.
- Girish Amesara:** So, the provisions are made on a quarterly basis. And it has been consistently followed on accrual concept. In terms of the other income breakup that you want, the income from consolidated account statement is at INR13 crores, e-voting at INR6.5 crores. The other part of other income which has been reported in the investor presentation is largely on account of the investment income which is at INR35 crores. Apart from that, we have e-sign and e-KYC income of INR4.5 crores and miscellaneous income of INR7 crores. This gives the breakup of the consolidated amount mentioned in the investor presentation.
- Swarnabh Mukherjee:** Right, sir. Very helpful. Just one follow-up, sir. You said the unlisted revenue for the quarter is around INR6.23 crores. I mean, I think last year sorry, sir can you come back?
- Girish Amesara:** I said INR6.39 crores was the income from unlisted companies.
- Swarnabh Mukherjee:** Okay, sir. So, I think last call you had mentioned it to be almost about INR36 crores. So, like in case of listed companies, we generally see a stability of the quarterly run rate. Is it any different for the unlisted part?
- Girish Amesara:** Basically, this is dependent on the companies who intend to do any transactions in their member index. So, as and when there is a requirement at the company's end, they will come to the depository for admitting their security.
- Swarnabh Mukherjee:** Right, sir. But whatever was admitted last year, there we continue to incur, right?
- Girish Amesara:** Yes, more or less, yes. They will pay the issuer fees. They will not pay the application fees. Application fees is a one-time fee.
- Swarnabh Mukherjee:** Okay. Understood, sir. Of last year's INR36 crores, how much will be the application fee component of that?
- Girish Amesara:** It was INR19.74 crores.
- Swarnabh Mukherjee:** Okay, sir. Understood. Very helpful. Thank you so much, sir and all the best.

- Moderator:** Thank you. Thank you. The next question is from Sanketh Godha from Avendus Spark. Please go ahead.
- Sanketh Godha:** Thank you for the opportunity. And for the quarter, it was almost 32. So, is it fair to say that for the future, it will rise back to 25 at the console level?
- Nehal Vora:** That will be difficult to predict. We don't give forward-looking statements. So, we will have to wait and watch as each quarter unfolds.
- Sanketh Godha:** Okay. Got it, sir. And just one thing on KYC. I think KYC income, we all know that there is a bit of slowdown in Demat account opening incrementally compared to what we witnessed in the past. So, is it fair to say that our KYC income will also see a bit of slowdown with the Demat account opening slowing down? Or you can see that can be more than compensated by probably or IPO?
- So, basically, the color what I wanted to understand, sir, is that in KYC income, whether Demat account opening contributes the most or MFR or something else contributes most in KYC to understand the legal sustainability of this growth?
- Nehal Vora:** Yes. So, I think it's a combination. It will be difficult to create specific contributors on a consistent basis. It depends on that market dynamic, as well as the environment. And how the market as an entire unit is kind of accessing whether it's mutual funds versus Demat accounts, fetch versus creation. So, there is no specific model or percentage. It depends on each quarter-to-quarter.
- Sanket Ghoda:** Okay. No, sir. The reason why I'm asking is that Demat account in general because we already added so many people in last 5 years is gradually slowing down. So, this slowdown will invariably impact on KYC. That's the reason I was asking that question.
- Nehal Vora:** Yes. But again, Demat accounts slowing down may not only be because a lot of them added, because lot of people are using.
- Sanket Ghoda:** Okay. Okay. Got it, sir. Last two more. If you can give a pledge income data and impairment data for the quarter. And lastly, just again on this employee cost means there is this path is one time which is getting reflected in the current quarter or this variable path in subsequent quarters. Because I just wanted to check whether this variable path fully reflected in the current quarter, or we will see due to play out in next quarter too.
- Girish Amesara:** So, the margin pledge income for this quarter is INR5.05 crore. And there are no onetime costs as far as employee cost is concerned.
- Nehal Vora:** No, no, he's asking. So, your question if I've understood is right that the payout happens in the first quarter, but the accrual for all of that happens equally as per the accounting standards in each quarter. Payout happens for the entire, like in any other company variable pay is getting paid out based on the performance at the end of the financial year and is therefore paid out.

Sanket Ghoda: Okay, understood. So, if you can even give me the impairment cost number which you typically spell out.

Nehal Vora: It is a INR3.69 crores.

Sanket Ghoda: I'm sorry, can you repeat, sir?

Nehal Vora: INR3.69 crores.

Sanket Ghoda: Okay, INR3.69 crores. And lastly, sir, in the unlisted revenue, which you said is INR6.39 crores. In that you are saying application related income INR5.23 crores. It's part of that INR6.39 crores, right, sir?

Nehal Vora: Yes.

Sanket Ghoda: Okay, okay, perfect. That's it from my side. Thank you.

Moderator: Thank you. Next question is from Prayesh Jain from Motilal Oswal. Please go ahead.

Prayesh Jain: Yes, hi, sir. Sir, personally on, if I look at your EBITDA margins, we were on a console basis, we are running at 60% thereabouts in most part of last year. And now that you know, it's being at about 50% in the past couple of quarters, any pricing action or either on issuer charges where you are going back to the regulator for a price hike, or for that matter, even transaction charges, you plan to increase or anything of that sort that is there in the offing?

Nehal Vora: So, the price for issue for the investors or transaction was that that one charge with the circular requires. So that time we had factored in certain economies of scale and made it at 3.5. We are about INR0.50 cheaper than our competition. This is to factor in the economies of scale. And there was an additional INR0.25 discount given for female investors in the first to encourage a lot of diversity in the holdings.

For mutual funds and for bonds individually, there's another INR0.25 discount again to kind of encourage more and more people to hold mutual funds and bonds through the Demat holding. Issuer charges has been increasing on a periodic basis. As you know, depository charges have to be approved by the regulator. So, this is something which is a continuous process of work in progress and as we factor in. So, as and when the necessary approvals come in, it is, I would be able to disclose it only once it comes out in the public domain.

Prayesh Jain: So, have you applied for it?

Nehal Vora: Again, we do not generally discuss our conversation with the regulator in the public domain. Confidentiality. So, but as and when the process is approved, we will make sure that it is put out in the public domain.

Prayesh Jain: Got that. And sir, any strategy that you can talk about with respect to 3-in-1 accounts, wherein if the ASBA is implemented across various aspects of the business, how well we are versed or how well we are positioned to kind of do the 3-in-1 accounts for particularly for discount brokers?

Nehal Vora: So, I think 3-in-1 accounts is a methodology for each of the DPs to offer. We have the necessary technology APIs and solutions for them to kind of factor that in. It's a bank account versus Demat account. So, we are responsible as a depository for the Demat account and ensuring that the necessary technology enablement's are already in place. And those will continuously be enhanced and made more sophisticated as we move forward.

So, I think that is the business model of the ecosystem. As CDSL, I need to play my part as a depository to ensure that the Demat side of the business is being properly structured. At the same time, it has a necessary technological connects to facilitate any innovation which is required.

How much of this has to be associated with various banks that brokers would have partnered with? So, how much involvement is there with respect to building the association with the customers' banks? You will have to ask those DPs and intermediaries.

Prayesh Jain: How much of this has to be associated with various banks that you or your brokers would have partnered with? So, how much involvement is there with respect to building the association with the broker's bank or the customer's banks?

Nehal Vora: That you will have to ask those DPs and intermediaries.

Prayesh Jain: Okay.

Nehal Vora: I can...

Prayesh Jain: We have a limited role.

Nehal Vora: I can only say about what my business is. So, I can only say that, it's facilitating ease of doing business in terms of ensuring that the technology enablements are necessarily implemented for the process to be smooth.

Prayesh Jain: Got it. And the last question on insurance repository, what's happening there? What is your strategy to gain market share in that particular segment now that, even LIC has onboarded the various insurance repositories? What is the opportunity? What is the strategy there?

Nehal Vora: I'll ask the insurance repository CEO, Latesh Shetty, to answer.

Latesh Shetty: Yes. Hi. Yes, the LIC integration is work in progress. We are expecting the integration to happen soon. Out of the four repositories, three have participated and we are one of them. And as far as the overall opportunity is concerned. Yes, there is a large number of accounts which are still untapped. So, we have gone live with our online opening of account over there and we are expecting a steady growth there as well. We are actually betting to increase the market share in the coming quarters.

Prayesh Jain: What is the kind of number of policies or e-insurance accounts that we have?

Latesh Shetty: We have crossed 18 lakhs policies overall cumulatively.

Prayesh Jain: And e-insurance accounts?

- Latesh Shetty:** E-insurance accounts is also in the range of 20 lakhs.
- Prayesh Jain:** Okay. All right.
- Moderator:** Thank you. The next question is from Devesh Agarwal from IIFL Capital.
- Devesh Agarwal:** Good afternoon, sir, and thank you for the opportunity. Firstly, I just wanted to understand on this unlisted space, what would be the total number of companies which are eligible to be converted to be dematerialized? And how much of that would have been done by the end of say FY '25 or 1Q FY '26?
- Nehal Vora:** So, that will be difficult to assess because there are various conditions. And as and when those conditions get fulfilled, they become really eligible. So, there is no fixed number as such because that's a dynamic condition. And once that condition gets fructified, they are required to open the Demat accounts. So, I think make it compulsory Demat. So, I think that is something which is not fixed for any period of time, etc, because it's a condition that keeps on changing and evolving.
- Devesh Agarwal:** But can we say that the regulation when they came, a larger number of companies would have converted by now and incrementally companies would convert as and when they are required?
- Nehal Vora:** It will be difficult to assess that, because if you read the conditions then this question would be answered by itself. Because there are certain conditions which needs to get fulfilled. It has to be a large private limited company. They want to transfer or raise capital. So, these are all conditions contingent for the Demat to happen.
- Even if I may be a large private limited company, but if I don't wish to raise any capital or don't want to transfer, then I don't need to make it compulsory. So how do I answer that whether large number have done or not done? It depends on what they want to do in future.
- Devesh Agarwal:** Right, sir. And any numbers of how much companies have actually dematerialized within the unlisted space?
- Nehal Vora:** This you have to answer, Girish.
- Girish Amesara:** In this quarter, we have admitted 3,486 companies in unlisted space.
- Devesh Agarwal:** In all, sir? Outstanding number as on date?
- Girish Amesara:** I don't have that number ready, but it would be in the range of 20,000 plus.
- Devesh Agarwal:** Understood, sir. And the other question is, sir, on DEMAT account, would you say that the proportion of the Demat account where there are no folio holdings that has been increasing in the system or for you over the last, say, two years, three years?
- Nehal Vora:** No. It's more or less remaining at the same constant percentage. But again, see, people have holdings, then they sell off those holdings, so they become zero. Then again, it's a constantly dynamic concept. So, I don't think there is any numbers to it. It is more on what the activities and what the intent of the Demat holdings.

- Devesh Agarwal:** Right. So, it's not that three years back, if that number was 10% today, that has become 20%. That is not the case.
- Girish Amesara:** No.
- Nehal Vora:** No. More or less. See, again, as I have been saying in all my investor calls ...
- Devesh Agarwal:** Sorry.
- Nehal Vora:** We are finally an infrastructure provider. We provide roads, cars will ply on that road like a normal road, as and when there is a value proposition or there's an intent of going from one car to another. That's the process we follow as overall ethos.
- Devesh Agarwal:** Make sense sir. And sir, any number that you could share? What would be the percentage of Demat without any holdings, say, either FY '25 or 1Q FY '26?
- Nehal Vora:** We don't give that number.
- Girish Amesara:** Okay. We don't give that at the moment.
- Moderator:** Next question is from Mihir Shah from Banyan Tree Advisors.
- Mihir Shah:** Thank you for taking my question, sir. So, two questions. Firstly, from 2014, we can see that CDSL has gained incremental market share in the number of Demat accounts as against its competition.
- And post-2020, it has been able to get the majority market share in terms of Demat accounts. So, firstly, like what sets you apart from the competition like for the discount purpose, is it the tech or is it the low cost? My first question is that.
- And the second question, if you look at the incremental market share in the number of companies getting listed, your competition still has the majority market share in terms of total market share and also incremental market share. So, why are issuers still choosing competition over your company? And why is it happening the inverse in Demat accounts? Thank you.
- Nehal Vora:** So, on the first question on Demat accounts, I think this has been the since past 5 to 6 years. It has been, it is a culmination of technology platform service standards. So, from an infra standpoint, we are a centralized architecture from a cost of holding that infra is lower. There is a variety of measures which has caused this advantage too.
- On the private limited, it is a process, and we are continuously working towards that why they have been chosen. Only one reason which I can say that over historically, ISIN issuance was kind of restricted to only one depository. There are, it is a work in process that both the depositories will now can issue the ISIN.
- So, possibly the overall optics would be that you go to the person issuing the ISIN. But I think we've been able to gain more and more companies also as compared to the previous quarters is

that we are enhancing our journey in terms of technology and servicing. So, more and more people are wanting to come to our platform also.

Moderator: The next question is from Santosh Keshri from SKK HUF.

Santosh Keshri: Hello. Okay. Sir, I have one question regarding technology expenses. Like we have been seeing for the past 2, 3 years, technology expenses have been rising. And we also have been seeing that the number of Demat accounts have been rising exponentially for CDSL. That's a good thing. But what are we doing to, we can also see that technology expenses has given rise to reduction in the EBITDA margin.

So, are we planning to arrest our EBITDA margin and bring it back to the levels that we saw 2, 3 years back? Or we want to operate on this level only? And the guidance on technology expenses, it may not be futuristic, but we want to know that what is the end plan we have? Is it going to recur forever or it is something that we have reached a plateau and it will go back to 2, 3 years back level?

Nehal Vora: So, I think you need to understand the nature of technology. Technology is something which constantly evolves. And as and when newer technologies will come, I think CDSL aspires to be on, at least on the sophistication front, ease of doing business and better way of operating.

Everything goes through a process of evolution. Our journey has always been that we don't give shocks to the market. It's a constant process of gradual changes which are happening. So, it ensures that there is efficiency which is constantly being experienced by the relevant stakeholders.

And also, there is a process of innovation which happens because as the number of Demat accounts grow, they have to have the number, the necessary technology controls, the technology efficiency. So, to answer your question, I don't think it is basically a start and stop kind of technology expense. It's a constant process of evolution as we embark on a journey.

And therefore, there will be a constantly a process of evolving this thing. It is like saying your roads, you have a particular road and you build another road as the traffic grows. Again, you keep on maintaining that road with better material. So, better technology comes in. So, that's the kind of the analogy which needs to be drawn to the technology expense.

Santosh Keshri: Sir, what about the EBITDA margin that we used to enjoy 2 years back, now that seems to be eroding?

Nehal Vora: So, I think I have always gone on my previous interactions also. Our intent is to provide a long-term proposition. Whatever EBITDA we earn, our intent is not to earn a particular EBITDA margin, either high or low. We ensure that the right platform is provided to the market, to the ecosystem.

EBITDA margin is the byproduct of that because I think it's the intent is the long-term intent to ensure that the value proposition continues to be enjoyed by the ecosystem. And then that will lead to whatever the EBITDA margin is. So, I think that is what my take on.

- Santosh Keshri:** I do understand that, sir, but I would like to give you a suggestion. Since, as I have told you that the depository numbers have increased and that has led to a lot of transaction expenses also have imploded. So, maybe we can think of revising or collecting depository charges from our single individual customer, just like a road which is used by customers, motorists, they pay toll charges.
- So, just like that, we should also be looking at this as a business. Rather than becoming a different kind of business, we should be working on full-profit maintainability and look at this from the perspective of what they just require, rather than just being a market infrastructure institution, unlike other places.
- For example, BSE doesn't have so much of technological expenses and they are doing quite well. Hence, didn't have so much. They had an issue, but they expense or maybe look at the recovery of the expense from the depository participants or depository holders. So, that is my suggestion. Maybe you can think about it. Thank you, sir.
- Nehal Vora:** Okay.
- Moderator:** Next question is from Prayesh Jain from Motilal Oswal. Please go ahead.
- Prayesh Jain:** Yes. So, just a clarification again, sorry on harping on this employee cost front. So, if in a hypothetical situation, if we are not adding any employees in the remainder of the fiscal, this INR39 crores quarterly run rate will continue? That is the fair way to think, right?
- Nehal Vora:** We don't give forward-looking guidance. So, that's the call which you will have to think and your hypothesis is also I think not fair, because employees are going to enter and exit both sides. So, it's not going to remain fixed. So, I don't think in terms of future, we don't give forward-looking guidance. So, I'm sorry, I actually would not be able to answer.
- Prayesh Jain:** So, if you would have provided for INR100 of variable pay that will come INR25, INR25, INR25 and 4 quarters. That is a fair way to think?
- Nehal Vora:** Yes.
- Prayesh Jain:** Yes. Thank you so much.
- Moderator:** Thank you. Next question is from Mihir Shah from Banyan Tree Advisors. Please go ahead.
- Mihir Shah:** Yes. So, I have a question on the divide value per account compared to your competition. Your competition is far more in terms of the divide value per account. So, I'm assuming that they are more of institutional client, and you all have more of detailed plan. Would I be correct in assuming that?
- Nehal Vora:** I would not be able to comment on what my competition has. I can just say that we present whatever value is there on a fair, transparent basis. It's a combination of institutional retail holdings which are held with CDSL. And so, the answer to that question is a factual number, whatever the number is.

- Mihir Shah:** Okay. So, understood. And I'm just trying to understand like what could be the switching cost? Like why would one depository participant decide to choose your company over your competition and decide like to change that? Is it the low cost? Is it the tech enablement?
- Nehal Vora:** I think I have actually answered that in a previous question. That is a combination. It's the technology, the cost of infrastructure, the services which we give, the technology, the upgradation, etc. There is no one factor such is a combination.
- Mihir Shah:** Thank you.
- Moderator:** Thank you very much. That was the last question in queue. I would now like to hand the conference over to Mr. Nehal Vora for closing comments.
- Nehal Vora:** Thank you so much for all your questions and wish you a very safe and secure life with your loved ones. Thank you. Take care.
- Moderator:** Thank you very much. On behalf of HDFC Securities, that concludes the conference. Thank you for joining us, ladies and gentlemen. You may now disconnect your lines.