

CDSL/CS/NSE/SJ/2023/329

November 07, 2023

**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 November 01, 2023**

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

Dear Madam/ Sir,

This is with reference to our intimation dated October 23, 2023, for scheduling of Conference Call on November 01, 2023, 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](http://www.cdslindia.com)

This is for your information and record.

Thanking you.

Yours faithfully

For **Central Depository Services (India) Limited**

**Nilay Shah**  
**Group Company Secretary & Head Legal**  
**ACS No.: A20586**

***Encl: As above***



“Central Depository Services (India) Limited  
Q2 FY '24 Investor Call”  
November 01, 2023



**Management:**

**Mr. Nehal Vora–Managing Director and Chief Executive Officer– Central Depository Services Limited**  
**Mr. Girish Amesara – Chief Financial Officer – Central Depository Services Limited**  
**Mr. Sunil Alvares–Managing Director and Chief Executive Officer – Central Depository Services Limited Ventures**  
**Mr. Rajesh Saraf – Chief of Data and Operations**  
**Mr. Vinay Madan – Chief Risk Officer**  
**Mr. Amit Mahajan – Chief Technology Officer**  
**Mr. Swaroop Gothi – Financial Controller**  
**Mr. Nilesh Kittur – AVP Finance**  
**Ms. Sandhya Dubey – Sr. Manager**

**Moderator:**

**MR. AMIT CHANDRA – HDFC SECURITIES**

**Moderator:** Ladies and gentlemen, good day and welcome to CDSL's Q2 FY '24 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 conference call, please signal an operator by pressing star then zero on your touchtone 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 viewed in conjunction with the risks that the company faces.

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

**Amit Chandra:** Yes. Thank you, operator. So good morning, everyone. On behalf of HDFC Securities, we welcome you all to this CDSL Quarter 2 FY '24 Earnings Call. We have with us today the management team of CDSL, represented by Mr. Nehal Vora, MD and CEO; Mr. Girish Amesara, CFO; and other senior leaders. We will start with a brief overview of the results by Mr. Nehal Vora and then we will start with the Q&A. Thank you and over to you, sir.

**Nehal Vora:** Thank you so much, Amit. A very, very good morning to all the listeners and participants 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 second quarter for the financial year, FY 2023, '24. We posted a detailed investor presentation on our website for your reference. I'm joined by the CDSL Group's leadership team.

Let me start with the industry highlights and then take you through some of the key aspects of our performance. During the Q2 FY 2023-24 the overall Indian capital markets demonstrated a healthy growth. The total demat accounts as on September 30, 2023, stood at INR12.96 crores, of which CDSL's share was at INR9.62 crores. The net demat accounts opened in India in this quarter was at 91.58 lakh, of which 80.28 lakhs were registered with CDSL in the Q2 FY '23, '24. The comparative numbers for CDSL were 52 lakhs for Q1 of FY 23-24 and 48 lakhs for Q2 of FY'22-23.

The total market capitalization of the market increased by 8% as at the end of this quarter, reaching INR319 lakh crores compared to INR296 lakh crores as on June 30, 2023. Furthermore, the daily turnover for Q2 FY24 witnessed a 33% increase when compared to Q1 of FY24.

These positive trends reflect the financial inclusion and an increased participation by the investors in the Indian capital markets. These positive trends in the markets also attributed to the recent industry advancements and regulatory measures. We believe these measures will benefit

the industry in the long run by protecting the interests of retail investors and reducing the systemic risk.

The 25th year of operation is also very special for us, as we celebrate the 9 crores demat accounts milestone in July 2023. And further, I'm delighted to announce that CDSL has received a recognition for its excellence in digital execution. In October 2023, we were honored the TechCircle business transformation award. As we reach the midpoint of our 25-year journey, we remain committed to enhancing ease of doing business and instilling trust within the financial ecosystem.

Our ongoing efforts have yielded promising results. The current financial year is also a representation where we have experienced a sustainable and healthy business and financial performance as a result of the efforts of all the market infrastructure institutions.

Before I hand it over to our Chief Financial Officer, I would like to take a brief moment to place our appreciation and gratitude to all our stakeholders, the beneficiary owners, the depository participants, issuers and regulators, employees and other market participants for their constant faith in us. We extend a heartfelt gratitude to our investors and the people of India whose unwavering faith continues to guide us. Our focus remains steadfast on building value for our stakeholders and securing a robust Indian digital financial ecosystem. Thank you for your continued support and trust.

Over to you, Girish.

**Girish Amesara:**

Thank you, Nehal. Good morning to all of you. Speaking on the quarterly performance, on a consolidated basis, the total income for the quarter ended September 2023 is increased by 35% to INR 230 crores, as against INR 170 crores for the corresponding period of the previous year. The net profit for the quarter ended September 2023 is increased by 35% at INR 109 crores, as against INR 81 crores for the same quarter during the previous year.

Speaking on the half yearly numbers, on a consolidated basis, the total income has increased by 28% to INR 404 crores, as against INR 316 crores. The consolidated net profit for the 6 months ended September 2023 has increased by 32% to INR 183 crores, as against INR 138 crores during the 1st half of previous year.

Speaking on a stand-alone basis, the total income for the quarter ended September 2023 is increased by 29% to INR 182 crores, as against INR 141 crores for the same quarter during previous year. The net profit for the quarter ended September 2023 is increased by 28% at INR 88 crores, as against INR 69 crores for the same quarter during the previous year.

Speaking on a half yearly basis, on a stand-alone basis, the total income is increased by 18% to INR 352 crores, as against INR 298 crores during the 1<sup>st</sup> half of previous year. The consolidated net profit has also increased, by 14%, to INR 180 crores, as against INR 158 crores during the 1<sup>st</sup> half of previous year.

Now I shall hand over to Sunil Alvares to give an update about operations of the wholly owned subsidiary CDSL Ventures Limited. Thank you. And over to you, Sunil.

**Sunil Alvares:**

Good morning to all the participants. So far as CDSL Ventures is concerned, the Q2 FY '24 operating income was higher by 67%, as compared to Q2 FY 23. The operational income was INR 43 crores in this quarter, as compared to INR 26 crores in same quarter of last financial year. The - other income was at INR 4 crores, as compared to INR 3 crores in the same quarter of previous year.

The total income was at INR 47 crores, as compared to INR 29 crores in the corresponding quarter of the previous financial year. And so far as the expenses are concerned, the expenses were higher by 66% at INR 18 crores, as against INR 11 crores as compared to the corresponding quarter of the previous financial year. The profit before tax for Q2 FY24 was INR 29 crores, as compared to INR 18 crores for Q2 FY23, which was higher by 63%. The net profit was higher by 61% at INR 22 crores, as compared to INR 13.44 crores in Q2 FY23.

I hand it over back to the moderator for the -- question-and-answer session.

**Moderator:**

First question is from the line of Swarnabh Mukherjee from B&K Securities.

**Swarnabh Mukherjee:**

Yes. Great performance for the quarter. 2, 3 questions. First one, on the IPO, corporate action line item. So I just wanted to understand. How much of this growth can be kind of sticky? So if you could give us some color or a quantifiable breakup on how much of this has come due to IPOs, how much through AGMs etc and how much through corporate actions? So as to give us a flavor whether some part of this can be retained or whether there is a substantial seasonal element in this? So that's the first one.

Secondly, on the KYC KRA business, if you could give us a sense why this performance has been very strong. So whether the share of fetch transactions has increased or is it like the mix relatively similar and volume-driven, because of which the growth has come?

And thirdly, on the cost side, so if I look at the tech cost and so about a year back, it was somewhere around INR 9 crores, INR 10-odd crores. It has steadily moved up, around INR 15 crores run rate in this quarter, so are we peaking out, I mean, in terms of the run rate? Or should we expect further inflation in this given that you have previously also highlighted the technology intensive nature of the business?

And on the other expense increase, if you could highlight, in the stand-alone business, what is driving that? I understand that with some inter-KRA charges, KYC in subsidiary, but in the stand-alone business, what is driving that? That's all from my side, sir.

**Nehal Vora:**

Okay, thank you. On your first question, on IPO and corporate actions, it's kind of market-driven, so it's kind of difficult to predict. And we don't give any future reference points, so we would not be able to kind of give a picture of the future. That's for you to assess.

Your second question was on the KRA charges, on fetch, and so I think it's broadly driven by the buoyant market conditions; number of demat accounts growing; and participation growing both in terms of delivery, volumes; etc. We don't generally give the bifurcation on how much is fetched versus creation it's a consolidated number. Sorry, your third question was?

**Swarnabh Mukherjee:** Sir, before that, if I could just ask you. Even if a quantifiable number this is possible, but if you could maybe some highlights whether this is relatively more fetch because -given their usual penetration on the other financial products are also increasing, etc. So I mean, is that an outcome of this? So...

**Nehal Vora:** Again it's difficult to predict what has caused this outcome. It's kind of the overall buoyant market conditions. What has led to whether it's fetch or increase in KYC creation? It's a culmination of variety of factors and it plays one upon the other, so it's difficult to give a answer which would be absolutely give the reason. It's a multiplicity of factors which leads to this, and hence, we are not able to give you a specific answer on that.

**Swarnabh Mukherjee:** Okay. Sir, on the previous question, on the IPO and corporate action, I don't want to have forward-looking guidance, but if you could at least give us a breakup between how much is due to IPOs and how much is due to other things which will at least on a year-on-year basis...

**Girish Amesara:** Yes. So basically this is IPO, corporate action, the head itself is based on the IPO that comes in the market, so it is totally market-driven activity. Higher number of IPOs, we will be able to process higher number of...

**Swarnabh Mukherjee:** So it's mainly due to IPOs.

**Nehal Vora:** Your answer is right.

**Girish Amesara:** So basically that's the answer.

**Swarnabh Mukherjee:** Okay, all right, sir. On the costs, if you could...

**Nehal Vora:** The costs. On technology, cost is something which is constant for that. We are growing in number of accounts. We have to plan and this is kind of a market infrastructure company, so it has to plan for the rise and growth. And then infrastructure takes time. And technology infrastructure, especially, needs to not only be built with what the current trends are but what are the future sophistications which are coming into the market, so it's going to be a constant investment which we will continue to do as we move forward.

This will be in sync with what is expected both from the regulators and the market, to ensure that we are able to give the best-in-class performance as we move forward. In terms of other expenses, I'll ask Girish to answer that...

**Girish Amesara:** See, largely the other expenses, if you look at our cost structure, payment to SEBI is again related based on my profitability and billing done for annual issuer income. So higher the profitability, higher the income, there will be higher cost on these accounts. Again if you look at inter-KRA

expense, it could be directly proportionate to the business, the earnings that I do on a top line in terms of KRA income. Proportionately there will be higher KRAs,-inter-KRA charges. Having said this, certain costs will move in proportion to the movement in the income.

**Swarnabh Mukherjee:** Okay, sir. So on the regulatory bit, you what we said, other expense or I was talking in terms of the split that you have given in the presentation, where I think the regulatory cost is booked separately. So excluding that, I was kind of interested in understanding for the standalone. So for the KYC KRA, we have an understanding. For the remaining business, ex of regulatory cost was what I was pointing towards.

**Girish Amesara:** So the regulatory cost largely is on account of CDSL, okay? And these are driven by the regulation, so we can hardly do anything about it.

**Swarnabh Mukherjee:** Yes. So sir, outside that, if the breakup you have given. So there is one regulatory cost. The other hand is other expenses, which has moved from last quarter at INR 41 crores to this quarter at INR 52 crores. And I think in fourth quarter it was at INR 30-odd crores, so I wanted to understand that movement, if you could help me.

**Girish Amesara:** See, this being second quarter, okay, our e-voting business would also have cost equivalently incurred. So e-voting expense are there. Then we have consolidated account statement related expenses. Then such kind of expenses are there, which would be there in second quarter mostly because the income corresponding is higher in the second quarter.

**Swarnabh Mukherjee:** Understood. So it is largely granular. There is nothing lumpy about it...

**Moderator:** Next question is from the line of Amit Chandra from HDFC Securities.

**Amit Chandra:** Sir, my question is on the account addition, demat account addition. So obviously we have seen a lot of traction coming back in terms of the additions. And it has gone to the, I think, peak levels, but if I see the revenue per demat, it has been coming down. And if I see the revenue per incremental demat, it is also coming down, so how do you see the, like, newer account additions that are happening? So these are not contributing much to revenues, so how do you see this?

And secondly, on the private companies demat opportunity that has come up recently there are around 14 lakh MCA-registered private companies. And taking the lowest slab, that comes to a bigger opportunity, so is there any timelines in terms of these companies getting, like, demat-ed? So if you can provide some overview on that.

**Nehal Vora:** On the first question, Amit, it's more of the building blocks getting created in terms of number of demat accounts. How the investors will react to as a group or as a collective group will be dependent on how the market conditions are, etc. See, we are in the business of creating the right building blocks. So for the people, to invest whenever there is an opportunity for them to, they would like to really invest.

And that for me is the biggest victory, that from a financial inclusion standpoint, more and more people are coming into the ecosystem. And that will kind of play out over the long term, so we

are not on a quarter-to-quarter game plan that will be the revenue increase. It's more of a long-term sustainable game plan creating the right ecosystem and creating the right building blocks for us to take it forward from there. So that's the answer to the first question. On the second question: MCA has just recently put out this regulation. I think the timelines are given by September, 24, if I'm not mistaken. So I think we are anyways, have been doing this for a long time, so from a technology and system point of view, we are ready to go. It's for them to now kind of really kind of approach the depositories for taking it forward.

**Amit Chandra:**

Okay. And sir, on the e-voting and eCAS revenue, if you can provide the breakup. What was the e-voting and eCAS revenue in this quarter? And also, in terms of the private company opportunities, obviously the timelines is of September, but is there any incremental cost that will incur or any incentive schemes that we earlier used to have incentive scheme for getting companies because we have a lowermarket share there. So are there any plans of investing in that piece?

**Nehal Vora:**

So the first question, I'll ask Girish to answer, but the second question is on the incentive schemes, see, we have been very transparent. And that's been the foundation of our entire ethos, so whatever schemes we have, we put it out on the public domain. And I think it's the costs will be a function of, as more and more people join the ecosystem, the technology infrastructure has to be enhanced, in sync with the increased participation, and to ensure that the service levels remain of high quality.

And therefore, there will be a constant assessment done and a constant investment done as to what is necessary and required to be put in from a technology standpoint. So again I would like to repeat that we are not in a quarter-on-quarter target point of view. We are more on a long-term sustainable business. We are in that business of creating a market infrastructure like building a road and the value proposition will then kind of come over a longer period of time. So that's how we see ourselves as we move forward. First question, I'll ask Girish to answer.

**Girish Amesara:**

So the eCAS income for the quarter is INR 7 crores, as against INR 5.5 crores in the same quarter previous year. E-voting stood at INR 15 crores in this quarter, as against INR 14 crores in the same quarter previous year.

**Moderator:**

Next question is from the line of Prakash Kapadia from Anived Portfolio.

**Prakash Kapadia:**

Most of the questions are answered. I just have one question. If I look at annual issuer charges, they are at the run rate of around INR 63 crores, which is a huge bump-up on a year-on-year basis. Even last quarter, I think we were at this rate, so if you could give us some qualitative flavor on what is leading to this. Is it larger unlisted company revenues? Is it more folios given buoyancy of capital markets? Is there some pricing impacts? If you could give us some flavor.

**Nehal Vora:**

See, pricing impact is obviously put out in the public domain. It's there is no change there, but it's a combination of both the first 2 factors. It's the increased number of private companies coming in into the fold as well as number of folios increasing which leads to this increase to take



place, so the point is that, as any growth is concerned, our endeavor is to have multiple touch points to ensure that the growth remains very sustainable.

**Prakash Kapadia:** Touch points in terms of business development activities where we are ready for the opportunity as it comes is what you are hinting at, Nehal...

**Nehal Vora:** No, both things, also ready from a technology point of view but also ready from an ecosystem point of view, that as more and more opportunities come and multiple sources of this, whether it be folios, whether it be private limited companies. So there are multiple sources of how the revenue would grow. So based on that, that is basically how we are planning ourselves.

**Prakash Kapadia:** Okay. And if it's possible to just quantify the revenues from unlisted companies maybe at the year-end or in the first half, if you can just share a number...

**Nehal Vora:** We generally don't share these numbers, so it will be difficult for us to do that.

**Moderator:** Next question is from the line of Paresh from Club Millionaire.

**Paresh:** Nehal, congratulations to you and your entire team for a fantastic performance yet again. Most of my questions, I mean, have been answered, but really a couple of clarifications. And before I ask, Girish, clarifications on the financial numbers: Maybe you have thoughts on the demat...

**Moderator:** Paresh, we are losing your audio.

**Paresh:** Yes. So Nehal, maybe again on the larger question, longer-term question. You're having all the financial assets in one place. Where are we in the journey? We've seen what the private companies, the private listed companies, from these announcements that come through. A clarification on that: What will define a small company? And the newspaper article mentions the number of small companies is just about 50,000 out of, say, 13 lakh, 14 lakh companies which are on the private space. A clarification on that. What will be the definition?

**Nehal Vora:** So we have to wait and watch because the regulations have just come in. The rules are yet to be notified, so I think that is going through the process. And we are also kind of really examining this, but that intent is that it's like any regulatory approach, it's basically a top-down approach where the larger companies are first subjected to the reform.

And then as the success grows, the knowledge grows, it's kind of the meter would go to the remaining part of the group. So that's really the intent behind and that is how they have gone about doing this.

**Paresh:** Okay. So Nehal, on the other asset classes basically, whether it's insurance, whether it's commodities or whether it's mutual funds, any update on what is the progress? Or any other what's the update on that?

**Nehal Vora:** So insurance is, anyways, permitted through our subsidiary, insurance repository. The mutual funds are on a voluntary basis. And I think the important thing from an India point of view and

that's how we look at ourselves, that for us, India is the prime most focus. It's that there's a unique identifier of PAN and PAN-Aadhaar combination which kind of gives it that unique identity.

So if it needs to get aggregated at some point and even the account aggregator system is something which has also been rolled out. So that will give a lot of information and data on the investor to kind of pull for his or her consumption and for further analysis. And that's how we will see how the system evolves, matures and is taken forward, but the right building blocks have been created to create a very strong foundation on which this entire structure can be built.

**Moderator:** Paresh, sorry, but we are losing your audio...

**Paresh:** Yes. Really just wanted to seek clarification whether you started charging the account aggregator in terms of a full basis for the information that they seek?

**Nehal Vora:** Not yet.

**Paresh:** Okay. And then just some questions to Girish as well. So Girish, our revenues and profit both have grown by 35%, but actually other expenses grew by about 44%, so do we have any one-off on those expenses?

**Girish Amesara:** No, there are no one-offs in the expenses.

**Paresh:** Okay. And then regarding the SEBI charges, Girish, I saw that that's gone up by 50% even though the revenues from our depository side, just up to 33%. Has there been any change? Or what actually led to a faster growth in SEBI fee this time compared to our depository revenues?

**Girish Amesara:** See, SEBI fees are basically based on the collection and not revenue. So if we have collected, say, revenue of previous year or before 3 years, then we have to pay 2% of those collected amount to SEBI. So basically that's the reason how it works.

**Paresh:** Can you clarify that once again, Girish? For some reason, I don't understand. I thought the percentage of the revenue...

**Girish Amesara:** The SEBI circular specifies that, whatever annual issuer income that you levy to your customer, you collect that and whatever is the collection amount, 2% has to be paid to SEBI as a fee. Now suppose in this financial year we have collected, say, for previous year or previous 2 years. So the incidence of fee would happen in this year.

**Paresh:** Okay, sir, understood. So whatever the pending receivables are, they get added on this year, okay. And...

**Girish Amesara:** Yes, So basically our collection has improved. That's the answer.

**Paresh:** Understood, Sir, have you had any write-backs because of that because you normally provide for the annual issuer charges?

**Girish Amesara:** No.

- Paresh:** Okay. So Girish, just one more clarification on the same thing. For example, when there are transaction charges, charges, does it need to be included and be part of the SEBI fees, right?
- Girish Amesara:** No, only annual issuer fees.
- Paresh:** Only annual issuer, okay, okay.
- Moderator:** Next question is from the line of Supratim Datta from Ambit Capital.
- Supratim Datta:** Sir Nehal, for the first question. If I look at your employee costs and I am talking about the stand-alone business. The employee costs have stabilized vis-à-vis the first quarter. Should we assume this to be the run rate going forward as well? So that's the first question before I go into my other questions.
- Nehal Vora:** I think it will be difficult. We don't give forward-looking statements, but the important thing is that this is a specialized business. We need really the specialized personnel. And as we embark on our growth journey, we will need to kind of earmark more and more people also. Besides the technology increase, even the human resource needs to be enhanced to ensure that it's able to handle the increased growth.
- Supratim Datta:** Okay. On the MCA and the notification by MCA. So, like, people, before me also discussed. There are around 14 million, 15 million companies -- 14 lakh companies, 14 lakh, 15 lakh companies. How out of this, how many would fall into this bucket of above INR40 crores turnover? Do you have any sense around that?
- Nehal Vora:** We are yet analyzing this. It's just come in, but it will be the small companies which are kind of out of this embed. I don't think that number is there at this stage, but this is something which we are analyzing, so I will not be able to give you a definitive answer at this stage.
- Supratim Datta:** Got it. And typically we have seen that unlisted players have gone with NSDL, as compared to CDSL, so are you working on certain aspects to better target these companies as and when they come for demat services?
- Nehal Vora:** As I've said earlier, I'm not in a quarter-to-quarter game. I'm not in a competition game. I'm gearing for a long-term value proposition for India. And that has been our thoughts as a management team, that you prepare. you put across a platform which gives the best-in-class services to the people and let the market choose whichever is the better platform. Like we've seen in demat accounts, we were lower. We've increased. That has been the culmination of a long-term strategy. Same thing is what we will follow in this particular space also.
- Supratim Datta:** Got it, got it. And last question from my side: So on the KRA charges, could you give a breakdown of how much of this will be coming from mutual funds and mutual fund account opening versus the demat account openings?
- Nehal Vora:** We generally don't give that number. I'm sorry I'm not able to show it.
- Supratim Datta:** Okay, but could you give a broad sense about which would be the bigger...

- Nehal Vora:** **We generally do not provide this..**
- Sunil Alvares:** So it's actually difficult to say because there are many brokers who offer credit of mutual fund securities in the demat accounts. So, it will be difficult to say whether a broker is creating / fetching a KYC record for a mutual fund investment or for any other investment. or both.
- Supratim Datta:** Got it. And final question from my side, on the insurance repository business. One of your peers is working on launching an app which would not only be an insurance repository but provide additional functions as well, as in you could have all your policies at the same place and other services, so are you also looking at enhancing the service? How are you thinking about that business ecosystem...
- Nehal Vora:** We have a new management team now. We have a new MD and CEO who has joined the insurance repository, and he would be driving the entire strategy. I am pretty confident he will be driving basically the digital journey, so that is something which we'll have to see in future.
- Moderator:** Next question is from the line of Arushi Shah from Sushil Financial.
- Arushi Shah:** Just one question from my side. The transaction in our financial performance consolidated, which has increased substantially from Q1 to Q2 because of new accounts are being opened or the absolute charges have increased, if you could throw some light on that?
- Nehal Vora:** So we don't charge anything for account opening. It's only on debit transaction that we charge.
- Arushi Shah:** Okay. Sir, what I meant that since new accounts are being opened to like per account, whatever per transactions, what we charge. So since more transactions are...
- Nehal Vora:** I'm just coming to that. So therefore, it's a culmination of both existing as well as new investors. And that can be showcased as I have given the industry highlight as to how the daily traded volume, the delivery volume, etc., is growing quarter-on-quarter as compared to the last quarter. That kind of showcases the increased participation. But difficult to bifurcate between whether this is from new investors or from old investors. It's a combination.
- Arushi Shah:** Okay. And also like per transaction or meeting our transaction charges have in absolute terms, like if you are charging INR 1, we charge INR 1.5, something like that?
- Nehal Vora:** We've actually brought it down.
- Arushi Shah:** Okay. So it's reduced.
- Nehal Vora:** We have actually have introduced additional layer of transaction charges. We have a layer-based transaction based on your slab. So we induced a lower slab.
- Arushi Shah:** Okay. So more like a volume play, right? That's the correct what you read?
- Nehal Vora:** Yes. So more the volumes, the lower the charges you pay.

- Moderator:** Next question is from the line of Miraj from Arihant Capital.
- Miraj:** Congratulations on a great set of numbers, sir. I have 2 questions. The first one is regarding the announcement that came some time ago regarding the settlement, T+1 hour settlement which this SEBI aiming to do by January and later subsequently by October, they are planning a instant settlement. I wanted to understand that any infrastructure layout that needs to be put up the expenses are supposed to be done by us? If yes, then have we incurred anything in this regard yet?
- And secondly, I wanted to understand that, is this play i.e. idea of introducing T+1 hour settlement more towards increasing volumes? Or is there any other goal for this? And this was my first question, sir.
- Nehal Vora:** Yes. So this is going to be a constant process of investment. As reforms happen, we need to kind of --? and each market infrastructure institution will have to incur its own cost of implementing these changes and whatever share is of both CDSL and NSDL will have to incur it themselves. So that's something which is something. The intent is it's going to be on an optional basis. It's very clearly put out by the SEBI, is giving more power to the investor to choose. And if him. he or she would like to get instantaneous settlement, moving towards an instantaneous settlement, thereby reducing basically the risk which is there in the system, where he or she can get the funds immediately.
- So it is moving, given more products for the person to opt for. Somebody can offer a T+1 or T+0. And finally, moving to instantaneous settlement.
- Miraj:** Understood, sir. So in this regard from our end, have we incurred any expenses yet to set up T+1 hour or instant?
- Nehal Vora:** Yes. It's a constant process, as I said, that we will have to evaluate as we are in a constant process of investment. Our technical team is obviously working to ensure that it is able to be satisfied timelines, which would be prescribed by SEBI in this regard.
- Miraj:** Understand. And my final question, sir, is that on the annual issuer charges revision part, if I'm not wrong, it is currently 11% annual issuer charges. Has there been any discussion on the revision part?
- Nehal Vora:** Not yet. It's a constant process. So we've not yet and we generally don't discuss our regulatory matters in this forum. So that's something which is a separate discussion.
- Moderator:** Next question is from Santosh from Kesari Finance.
- Santosh:** Thank you for such a great set of numbers. I have 2 questions. One is that typically, the number of additions that we are seeing in the demat account. So looking at that, if you can share what incremental revenue we get out of every demat account that's gets? Because typically, a customer is getting charge something like INR 500 if my understanding is correct, but some brokers do not charge as much. For example, Zerodha charging just INR 200. So we are not getting a sense,

but how much is the CDSL revenue from each incremental demat account that comes? If you can just throw some light. .

**Nehal Vora:** We don't charge anything for retail. So for retail it is completely free. And for the nonretail corporate accounts, it's about INR 500 a year.

**Santosh:** Okay. So by retail mean the?

**Nehal Vora:** Yes.

**Santosh:** Do you want to divided it from me?

**Nehal Vora:** Yes.

**Santosh:** And corporate is private sector -- private companies or FIIs and things like that, right?

**Nehal Vora:** Yes.

**Santosh:** Okay. So for anything that you don't charge for demat because you're providing such a valuable service to investors and it's free as you have been saying and maintaining all along. It's such an infra, such a big, huge infra or this. Then any reason that we are not charging, is there a bar from SEBI?

**Nehal Vora:** No. from SEBI. It's more to do with our responsibility towards a country also. We are kind of contributing to financial inclusion. And whilst commercial aspects are critical, but also the market development is extremely critical as a theme for us to continuously grow and our contribution to enhancing the sophistication of the securities market in India.

And that's one of the reasons why we want more and more people coming into. Today, CDSL is there at 98% , - 99% of the pin codes in India. And there has been a growth which has taken place in terms of number of demat accounts. We want more and more people to join this ecosystem. So therefore, the entry is kind of remains, especially for the retail. We are trying to kind of really encourage more and more people to join the ecosystem and hence, there is no charge.

**Moderator:** Next question is from the line of Sanketh from Avendus Spark.

**Sanketh Godha:** Sir, again, this question of private companies mandatory to be done of the shareholders, you probably on about the number of companies, which are less than INR 4 crores credit capital of INR 40 crores turnover. But in your guess, how much that will be, if you have any wild guess on that one? And then second, your are is INR 2,500 on the unlisted company. Is such a big volume come, whether we can see downward pricing pressure from INR 2,500 to come down, which could have an impact on the potential revenue realization? That's my first question. .

**Nehal Vora:** So on the first part, I would not like to give any wild answers. I would like it to go through a proper working before I can reveal that, I'm not able to give any numbers on what are the numbers. In terms of the pricing, it's a function of various things. And anyway, the depository pricing is approved by SEBI also. So in terms of that, it will go through its own process. I think

it's a fairly low chart our in-house helps get paid probably more than this. So I don't think a company should have a problem in kind of paying up the charges. They are very, very, very less and nominal.

**Sanketh Godha:** Got it. And the second question, what we have said -- what I have is that income, which has done in the current quarter. So there seems to be a very strong correlation when the IPO activity is very strong in the year or in the quarter. Then when we see a very bump up in KYC income. Sir, just wanted to understand, out of the INR 59 crores of KYC income, how much you can attribute to -- or directionally, how much you can attribute to the IPO activities? If it slows down a in subsequent quarters, we will see a moderation in the KYC income?

**Sunil Alvares:** Actually, that's going to be difficult because when an entity fetches a particular record, creates a particular record, we have no clue whether it is because of an IPO or because he's using it elsewhere. So that is something we will not be able to track.

**Sanketh Godha:** But is it safe to assume that activity has a meaningful impact on the KYC income growth, right?

**Sunil Alvares:** Because IPOs will add to the number of demat and...

**Nehal Vora:** But again, it's difficult for us to predict that it's because of IPO or it's because of other factors. It's basically the participation in the securities market will cause this impact to occur. Now the participation is due to IPOs or due to secondary markets or due to mutual funds is difficult to predict in the future. And that's why we are really unable to see.

**Sanketh Godha:** Got it. Got sir. And 2 data-keeping questions. I think in the past, you have disclosed these numbers. First is on impairment cost, which has happened in the current quarter. Second is pledge income. And then third is also charges from unlisted entities.

**Nehal Vora:** I'll ask Girish to answer.

**Girish Amesara:** I think we are not disclosing the unlisted annual issuer fees. But yes, margin pledge, we are disclosing. We have achieved INR 4.19 crores income during the quarter. And with to impairment, value is INR 3.3 crores in this quarter.

**Sanketh Godha:** Okay. So it has gone up compared to last quarter, right? It was INR 1.7 crores. So is it due to any specific reason? Or is this conservative...

**Girish Amesara:** If you understand the ECL requirement on the provision, it is basically based on the history of the collection. Now in one quarter, there could be higher collection. And because of that, there could be a lower charge. So it will not and we cannot derive any fixed formula for that, yes, in this quarter, the cost will remain the same. And accordingly, we can make predictions. That would not be possible to do it for impairment.

**Moderator:** Next question is from the line of from Sundram Mutual Fund.

**Sundram:** One question. You mentioned that online charges are dependent on the demat account offering, delivery volumes and IPOs. So if I do a sequential comparison, demat has gone by 9% and

delivery volumes by 41%. However, online charge is up about 80% growth sequentially. So the gap, can I assume it to be IPO driven?

**Nehal Vora:** Yes, you can possibly take that as your derivation, but we it's difficult to, again, predict that whether it is only because of this factor, there are multitude of factors which happened which play upon that because one can impact the other factor also. But as a broad thumb rule, probably what you have analyzed, you can take that.

**Girish Amesara:** Just one clarification. The income due to the delivery volume correlation would be for the depository business and not KRA business.

**Moderator:** Next follow-up question is from Swarnabh Mukherjee from B&K Securities. .

**Swarnabh Mukherjee:** Yes. So on similar lines of, I just wanted to understand if I look at the growth in the number of demat accounts there in first quarter versus second quarter, that growth is around 55%. So given that, that revenue moved close to 80%. So I could not understand what is the difference of around 20%, 25% remaining growth. So some highlighting some on that would be?

**Nehal Vora:** It's overall the market activity, because whatever are there we charge for the debits, we charge for the margin pledges, we charge for corporate actions so it's again a multitude of factors. so one-to-one correlation on the factors is difficult to do because it's a culmination of these transactions which lead to whatever is the income which is really drawn out of that.

**Swarnabh Mukherjee:** Sir, just to clarify, for or the online data are, we only book the revenue from the KYC business, right? Or is there anything else also?

**Girish Amesara:** That's right.

**Nehal Vora:** That's right. That's right.

**Swarnabh Mukherjee:** Yes. So I'm not sure -- I'm not getting how transactions are this will a transaction and we it will also benefit the if you could explain?

**Nehal Vora:** No, it depends on how the tech takes place. And what -- whether that will lead to a debit, whether he has transacted in 1 stock or 5 stocks or 50 stocks or 100 stocks, that's difficult to predict. And whether that will lead to revenue, whether that is done through 1 account or through many accounts. So, whether the fetch for many accounts will be much more. If it's one account fetch, it will be less but all the transaction income will be more. So therefore, 1:1 correlation is not possible. That is the point I was trying to make.

**Swarnabh Mukherjee:** Okay, sir. I'll take this off-line for.

**Moderator:** The next follow-up question is from the line of Santosh from Finance.

**Santosh:** I just wanted to know that what is the market share of CDRL in the business site?

**Nehal Vora:** CDRL?



- Santosh:** Sorry, your KYC business, CDSL, right? CDSL Ventures.
- Sunil Alvares:** The figures are, but our estimate is about 65%.
- Santosh:** 65%. Okay. But our will be.
- Nehal Vora:** That not only an estimate. So I think that should be very clear.
- Santosh:** 65%. So are you going to increase your market share and decreasing market share over the past year or so?
- Sunil Alvares:** It's been more or less constant.
- Moderator:** The next follow-up question is from the line of Miraj from Arihant Capital.
- Miraj:** Sir, just a follow-up on the same point I had earlier regarding the T+1 settlement. It is planned to be implemented from January onwards. So is there any circular on it that SEBI has released? Or is this just -- is there any discussion paper or anything on that?
- Nehal Vora:** Yes, we should expect something. There will be a circular to that effect or discussion paper. I will not able to comment on how the regulator will do it. But there will be a formal kind of an announcement. So what will be the time lines, etc, based on that.
- Moderator:** Next question is from the line of Sanket Godha from Avendus Park.
- Sanketh Godha:** One small data-keeping question is how many capital market records we have last ended up with around INR5.5 crores number. What it would be today?
- Nehal Vora:** All right. The question is not clear. What do you mean by capital market record?
- Sanketh Godha:** The KYC records what you have with you, which was around INR 5.5 crores?
- Sunil Alvares:** At the end of September quarter, we had about INR 6.1 crores.
- Sanketh Godha:** Okay. Perfect. And the second question, sir, was, again, a simple question that given in the current year, promoters did lot of selling which means that the number of folios probably at the retail level will increase. So that benefit might not be reflected in the corner, right, because what you have charged on an issues is based on last year number of full years. So that benefit should flow in FY 25 as the number will increase. So my understanding is right there, sir?
- Nehal Vora:** Again, I'm not able to predict how this will pan out over the next course of the next 2, 3 quarters. It's only compared at the end of the year as to how many folios are there. Again, these are forward-looking statements, so we don't give any forward-looking statements. So I'll not be able to give a specific answer on this.
- Sanketh Godha:** Got it, sir. Actually, is was to understand directionally that we...

**Nehal Vora:** I understand what you are saying, but my point is that tomorrow in the next quarter, there could be reversal which could happen. Promoters start buying more and the retail start selling. So how will I tell you that whether this is wrong, right, etc. So again, it will be what is at the end of the year the folios that the formula will be applied as per the numbers on that.

**Moderator:** As there are no further questions, now I'd like to hand the conference over to Mr.Nehal Vora for closing comments. .

**Nehal Vora:** So I'd like to thank all the people for their questions and the participation. Please stay safe and well. Thank you.

**Girish Amesara:** Thank you.

**Moderator:** Thank you very much. On behalf of HDFC Securities, that concludes this conference. Thank you for joining us. You may now disconnect your lines. Thank you.