



Central Depository Services (India) Limited

CDSL/CS/NSE/2021/57

February 18, 2021

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

Sub: Scheduling of Analyst /Investor Call /Conference

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

Dear Madam/ Sir,

With reference to our intimation vide letter reference CDSL/CS/NSE/2021/39 dated January 31, 2021 on the captioned subject, please find attached the transcript of the aforesaid conference call.

The above information may also be available on the website of the company:

www.cdslindia.com

This is for your information and record.

Yours faithfully,

For Central Depository Services (India) Limited

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“Central Depository Services (India) Limited Q3 FY2021 Results Conference Call”

February 03, 2021



ANALYST: MR. ADITYA BAGUL - AXIS CAPITAL LIMITED

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 - CHIEF OPERATING OFFICER - CENTRAL DEPOSITORY SERVICES (INDIA) VENTURE LIMITED
MR. SWAROOP GOTHI – VICE PRESIDENT - CENTRAL DEPOSITORY SERVICES (INDIA) VENTURE LIMITED
MR. NILESH KITTUR – ASSISTANT VICE PRESIDENT – CENTRAL DEPOSITORY SERVICES (INDIA) LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Q3 FY2021 Results Conference Call of CDSL India Limited hosted by Axis Capital Limited. Please note that CDSL does not provide specific revenue or earning guidance. Anything said on this call, which reflects CDSL's outlook for the future or which could be construed as forward-looking statement must be reviewed in conjunction with the risk that the company faces. 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 “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Aditya Bagul from Axis Capital Limited Thank you and over to you Sir!

Aditya Bagul: Thank you Margreth. Good morning ladies and gentlemen and a warm welcome to the Q3 FY2021 Results Call for CDSL India Limited. At the outset, let me just congratulate the management for a spectacular Q3 performance and wish them best luck for the coming quarters as well. From the management, we have Mr. Nehal Vora, Managing Director and CEO, Mr. Girish Amesara, Chief Financial Officer, Mr. Sunil Alvares, Managing Director and CEO, CDSL Ventures, Mr. Swaroop Kumar Gothi, Vice President, Mr. Nilesh Kittur, Assistant Vice President. We will begin with the short set of opening remarks from the management post which we will open the floor for Q&A. Without taking too much time, let me hand over the floor to Mr. Nehal. Thank you and over to you Nehal Sir!

Nehal Vora: First of all, I would like to thank Aditya for that kind complements and thank you wishes for the coming quarters. I wish you all a very good morning and I hope all of you are safe and secure. I welcome you all to the CDSL's quarterly conference call for the quarter ended December 31, 2020, and I trust each of you and your loved ones are safe and healthy. I am joined on this call by other members of my management team, which includes the Chief Financial Officer, Chief of Business, the Chief of Operations, the Head of Business and the MD & CEO of our Material Subsidiary CDSL Ventures Limited, who will then address your questions later in case if you have any.

At the beginning of the financial year, we have stated our vision and our mission to promote the ethos of Atmanirbhar Niveshak or the self-sufficient beneficial owner or the equity investor. As we reached the 2 Crores milestone last year in January 2020 and with 2.9 Crores investors as on December 31, 2020, it is a testimony of the growth of capital markets and rewards for the convenience and security offered by CDSL and its subsidiaries and its services. It also testifies the building and authentic and consistent capital market ecosystem with good governance. We hope that with the changing times individuals and companies continue to start availing digital solutions and online services and grow to be self-sufficient Atmanirbhar Niveshak. We will continue to innovate and offer e-services and digital solutions to all capital market participants.

Speaking on business update during the last 3 months, the number of new active beneficial owners account with CDSL has increased by approximately 28 lakhs taking the total of active beneficial owners to 2.89 Crores. The comparative number of new beneficial owners for the quarter ended September 30, 2020, was about the same level at around 29 lakhs. So, on December 31, 2020,

CDSL has around 589 depository participants, offering depository participant services from over 20500 locations across the country covering about 96% to 97% of the pin codes. These depository participants consist of clearing members, bank custodians and non-banking financial company.

We have also initiated new services in-line with transformation and requirements of the current times to promote the initiatives, promoted by the government, so basically in addition to e-voting services, we also offer services to hold annual general meeting through video conferences to make annual general meeting a hassle free, but more importantly a safe event for the shareholders and the company. We also provide e-mail updation services to companies to update their shareholders and to ensure that the dissemination of communication to the shareholders is valid, sufficient and productive. To also add another important initiative is basically the international finance center where CDSL remains as the only depository to have an international branch and we are hopeful that as there will be lot of initiatives in the current finance bill this is going to be an interesting opportunity going forward.

Before I hand it over to our chief financial officer, I want to take a brief moment to place our appreciation and gratitude to all our stakeholders, the beneficial owners, depository participants, issuers, regulators, employees and other market participants for their constant faith in us. With this I would request our chief financial officer to take through a financial performance, so over to you!

Girish Amesara:

Thank you, Nehal. Good morning to everyone attending in this call. On speaking on our financials, we have seen a healthy growth in this quarter with Y-on-Y increase of 150% in our consolidated net profit. The total income on a consolidated basis for the December quarter ended 2020, has increased by 34.71 Crores, which is 51% compared to last year's similar quarter. We have achieved a total profit of 103 Crores compared to 68.49 Crores during last quarter. Net profit after tax on a consolidated basis for the quarter ended December 31, 2020, increased in value terms by 32.42 Crores, which is 150% and we achieved a profit of 54.03 Crores from last year's same quarter of profit of around 21.61 Crores.

Total income on standalone basis for the quarter ended December 31, 2020, has also increased by 29.08 Crores in value terms and 56% compared to last year. Total income has increased to 81.25 Crores from 52.70 Crores during last quarter. Net profit after tax on a standalone basis for quarter ended December 31, 2020, has increased by 28.96 Crores, which is 206% to Rs.43.02 Crores in December 2020 compared to 14.06 Crores for the quarter ended December 31, 2019.

With this now I will request Mr. Sunil Alvares, Managing Director and COO of CDSL Ventures Limited to give an update on operations of the year and subsidiary. Thank you very much.

Sunil Alvares:

Good morning and a warm welcome of all of you. I am Sunil Alvares, MD and COO of CDSL Ventures Limited. On the back of a very volatile capital market, the CVL's performance was encouraging for the period April to December. So far as the KYC business was concerned, we added 42.74 lakhs KYC records during this period as compared to 18.21 lakhs in the same period last year, which was a growth of 134%. In terms of the RTA business, we added another 193

companies taking a total number of companies to 625. We were doing some processing for VPM, KJBY and the number of records processed out there as well has jumped by 106% from 66000 to 28000.

On the GSP business side, there was a slight dip in the number of records process from 2.31 Crores to 1.88 Crores, a slight dip of about 16 lakhs record, but we are likely to see these numbers increase in the coming quarter. On the income side for the period April to December 2020, the operational income was 48.69 Crores as compared to 41.4 Crores for the same period last year, which was a jump of 7.29% or 18%. The total income was 58.92 Crores as against 49.77 Crores, which was again a jump of 18% to 9.15 Crores.

On the total expenditure side for the period April to December 2020, the expenditure was 21.17 Crores as against 22.86 Crores last year, which was a dip of 1.68 Crores or a dip of 7%. The profit before tax was 37.74 Crores as against 26.9 Crores and the profit after tax was 29.33 Crores as against 20.01 Crores. So, with that we could start of the Q&A session. Thank you very much.

Moderator: Thank you very much. We will now begin the question and answer session. The question is from the line of Prakash Kapadia from Anived Portfolio Managers. Please go ahead.

Prakash Kapadia: Thanks for the opportunity and congrats to the team on continuous good performance. Couple of questions from my end, if I look at 9 months revenue for our subsidiary we are at around 490 million as compared to much higher revenue in the depository segment, so I wanted to know, Sunil is it the SEBI project was there in the base and in 3 months, 9 months, what is the SEBI project revenue for this year and of that is the growth much higher?

Sunil Alvares: Actually, the SEBI project did not contribute much in terms of the income last year, so whereas we got about 9 Crores last year from the SEBI project, it was about a Crores of rupees in this financial year, so basically the KRA business, which has done exceedingly well as compared to the previous level.

Prakash Kapadia: So, ex of that growth looks okay?

Sunil Alvares: That is right.

Prakash Kapadia: The 9 Crores was more annual number in this 1 Crore 9 months if I were to compare?

Sunil Alvares: Last year the income from the SEBI project was about 9.49 Crores that was for the full year and in this year, they had planned to open the site again to invest once again, but because of the pandemic it got postponed, so it will happen, but we do not when.

Prakash Kapadia: That is helpful, and on the other income part, what is the fall in yields as compared to 9 months of last year because if I look at other income it is up around 9%, so any mark to market gains or losses in this figure

- Girish Amesara:** So, the investment income comparatively if you see it has increased by 19%, so basically this is all mark to market gain, which has accrued during these 9 months, I hope I answered.
- Prakash Kapadia:** I did not quite get it. You said investment income is increased, but the mark to market gain should translate into mark to market losses because overall 9 month the other income is up around 8% at around 498 million?
- Girish Amesara:** I was looking at quarterly number. The income had increase has increased by 8% and last year we had an income of 46 Crores and this year we have income of 49.75 Crores, so basically, we do not have any mark to market loss overall, it is all mark to market gain and this is the incremental gain amount.
- Prakash Kapadia:** So, yields would have fallen by around 80 to 100 BPS overall yield?
- Girish Amesara:** Overall yield on corporate bank small sectors, yes, it would have fallen, but our investment in corporate bond is negligible and most of our investments are contributing into fixed deposits and debt scheme of mutual fund largely FMPs, so that is about it.
- Prakash Kapadia:** Fine and a couple of data keeping points if you could give the revenue in terms of the key revenue?
- Girish Amesara:** Should I give it on 9 months basis or you wanted quarter-to-quarter?
- Prakash Kapadia:** If you have quarter it is better, otherwise we can take to year whatever is readily available?
- Girish Amesara:** I have both, I can give you both. First, I will give you quarterly details. The quarterly income on operation level to transaction charge income has contributed around 30.9 crores, that is roughly 31 Crores, which is 30% of our operating income, annual issuer income has contributed around 21.69 Crores, which is 21%, online data charges, which is income of the CDSL Ventures, that has contributed around 13.10 Crores, which is 13% of our overall income, IPO corporate action has roughly contributed around 6.95 Crores, which is 7% of total income, cash statement charges is around 4.45 Crores, which is 4%, and rest of other operating income are miniscule, they are contributing in a range of 2% to 1% like user facility charges, settlement charges, account maintenance charges, e-voting charges, portfolio monitoring so this is break of overall income on quarter-to-quarter basis.
- Prakash Kapadia:** Sure, that is helpful and the last question from my end. Nehal, there was mention in the budget about regulations being taken by the government to consolidate somehow of the three bills, so what kind of an impact do we see going forward and does this lead to a common demat account and more finalization and depository role getting more and more crucial in the coming years in India?
- Nehal Vora:** The regulatory framework is on as is where is basis because SEBI is the core regulator. What they are doing is combining the SEBI Act with the depositories act and the securities contract regulation act, which has references of stock exchanges in the SCRA, which is of 1956, SEBI act is of 1992

and depositories act is of 1996, so they are combining these three. The other one is the government securities and gold spot exchange. These are two other interesting announcements made, so till now government securities was a kind of in a combined role of RBI and SEBI, so that they are kind of moving it more towards SEBI kind of role. So, it will have the same reforms as other securities market instruments, which are there can be extended for government securities and the gold spot exchange is another interesting announcement made, which will now be regulated by SEBI, so we will have National Gold Exchange, so the settlement process, etc., so these are some of the interesting announcements, which are made and we see how it is actually panned out further.

Prakash Kapadia: Great. I will join back the queue for more questions. All the best.

Moderator: Thank you. The next question is from the line of Paresh from Club Millionaire. Please go ahead.

Paresh: Nehal, congratulations on wonderful performance again and congrats to the entire team and investors as well. I trust all of you are healthy and safe. My question is largely on two counts; one is mail for the first time received valid news like called new services are hint, which are under the CVL. Just wanted your perspective on which are very promising that can we added to the existing booklet for that, both on the CVL side as well as the corporate side and the second question is on, we are doing phenomenally well as the retail account is concerned and what you are seeing we are beginning to some traction on the corporate side as well, for example, I understand that last quarter we had about 15455 companies that has now scaled to almost 16000, so good traction over there, what would be the strategy and how do we get high incremental market share on the corporate side? Thanks.

Nehal Vora: Thank you. I think I will hand over Sunil to answer the question on CVL on a broad strategic basis; we are focusing more on the digital footprint of ensuring that more and more companies are connected into the depository services through online mode. Recently SEBI and government has designated CVL and CDSL to use directly Aadhar based authentication. So that is moving towards an online opening of demat accounts where we will be authorized to use Aadhar after the Supreme Court order. We are waiting the final round of the approval, everything has been completed, but from an overall strategic standpoint it kind of makes it ease of doing business through an electronic digital mode, so basically the RTA services, e-voting services, AGM services as well as basically the new demat accounts, which are getting opened it becomes a kind of easy for them to do it, so it is an all-round performance, which is done and that is our focus that our three key stakeholders, the depository participants, issuers and basically the investors find it extremely easy to manage the CDSL services through an online mode that brings in the transparency and our key scheme or motto as I stated in my remarks is making the investor self-sufficient or really Atmanirbhar so that they can do it themselves rather than relying on people that bring in the trust into the system at a higher scale and thereby basically encouraging more and more people who can join the fold of the ecosystem. As we have seen, we are in the national pandemic, we have opened around significant amount of demat accounts coming from Tier 2, Tier 3, Tier 4 towns also, so they have an opportunity of coming into the mainstream markets and similarly the issuer companies also have

been able to link up this despite the national pandemic we have been able to grow as we are focusing more and more on online platform for companies to join. I will ask Sunil to add the points.

Sunil Alvares: So far as the CDSL Ventures Limited Services are concerned we focused on trying and tightening up the existing processes in the sense that there was a lot of manual verification required on the KRA processes, we have tried an automation that as much as possible and this service should be launched out shortly by us where we would be automating the KRA service and as far as other businesses are concerned what we see is that you would have seen the consultation paper put out by SEBI on the KRA part recently and basis that we are working towards that as well and what we see is that most of the KYC, etc., would be an online or digital process and we have already applied for Aadhar based license from UIDAI and are in the final stage of obtaining the same. We have also registered with CCA for our e-sign license and we have also launched an online account opening application, so with the combination of these three we see a larger number of intermediaries can use the online piece as well as Aadhar as well as e-sign and open more accounts and add to the KRA event, so that is in a nutshell what we are looking at in the next quarter.

Paresh: Sure, Sunil on the KRA consultation that you just referred to a clarification on them, SEBI said that, that will be a onetime exercise where we would re-verify all the KRA, however, the recertification would include even the KRAs that we have done or it is only KRA, which are done by others for instance?

Sunil Alvares: Yes, it is for all the records, which are there in the KRA, whatever KRA records I am holding we want these records to be reverified, but as I see it is that currently in CVL we have a process of verifying all the records as well as there is an audit done separately and this audit report is placed every quarter to the board, so to that extend I think we will not be required to do that.

Paresh: One clarification as well, Nehal in your opening remarks you mentioned about lot of opportunities are being there on the GIFT City, why would that be such a big game changer Nehal from a 3 to 5 years perspective or even longer?

Nehal Vora: See, I think the government focus is on creating a Hong Kong in India and this is like a regulatory sand box where the regulatory regime is a lot or relaxed whereas everything is in US dollar, so it is a capital account convertibility issues are not there, so since India is now becoming a go-to destination has been seen in the vibrancy of the FPIs investors investing in the securities market despite it not being capital account convertible, I see it becoming an interesting market for the FPIs to see where we become a hub for the Asian markets where really the production and consumption is focused in the world, a lot of the price discovery is going to move towards the Asia from the west over a 3 or 5 year time horizon, so if you have ease of doing business it is a kind of easy way of really accessing India as jurisdiction and not having the risk of the rupee out there. This can be an interesting proposition for lot of people.

Paresh: Nehal any figures in terms of how the large opportunity can be, any rough figures?

- Nehal Vora:** Really it is difficult to assess at this point of time, but I think what you should look at how well have Singapore, Dubai, etc., have grown, Asia and this can become an interesting opportunity and also the current volumes on the exchanges and the SEBI are seeing some real vibrancy in terms of volumes, so as things start getting to ease of we are going to have more investment related products coming in and that is going to be more of the sticky volume, which will remain.
- Paresh:** Thanks. I will get back to the queue. I appreciate the answers. Thank you.
- Moderator:** Thank you. The next question is from the line of Aditya Bagul from Axis Capital. Please go ahead.
- Aditya Bagul:** Sir, Just wanted to ask a couple of questions, one is on the transaction revenue you have seen a steady pickup, which was the run rate of about 9 Crores to 10 Crores a quarter last year, it moved to almost 30 Crores quarter sort of a run rate, I understand that there is a fair bit of revenues from pledge and unpledged shares as well, so can you probably help us understand how much of it comes from that piece and how much is a pure increase in our base transaction revenue?
- Nehal Vora:** I will ask our CFO, Girish to answer that.
- Girish Amesara:** Aditya, can you repeat your question, please?
- Aditya Bagul:** Yes, I just wanted to understand that there will be some component of revenues, which are coming on an account of pledge and unpledged shares and a few in a regulation setup come into place with the transaction revenue segment, just wanted to understand of the 30 Crores revenue that we made in this quarter, how much of that would be attributable to those segments for new revenue line items and how much would be core transaction business?
- Girish Amesara:** If you recall last quarter we had reported while in this call from the transaction charge of last quarter, we had around roughly 1.75 Crores or around that we had on from pledge, re-pledge, margin, etc., and in this quarter we have recorded transaction charge income of 30.94 Crores out of which roughly you can consider that there is an income on an account of pledge margin, margin pledge, unpledge, etc., of around 2 Crores to 2.5 Crores.
- Aditya Bagul:** There is really 2 Crores of income from margin pledge, the annualized this number could be 8 Crores to 10 Crores on a steady state basis?
- Girish Amesara:** Yes.
- Nehal Vora:** I think that will be difficult to predict Aditya because as the number of accounts grow the transactions also grow and the margin pledge abilities also grow, so if you say that it would not be simple kind of physically an extrapolation of one quarter into another quarter because the number of accounts also are growing every quarter.

Aditya Bagul: Very, very helpful. This is second point again, Nehal, Sir, you highlighted that you have seen a reasonable increase in account from Tier 2, Tier 3 location, can you probably help us understand a little more as to in your opinion whether this is a trajectory more where or is there a geographical penetration of the customer concentration of these accounts, which are coming from Tier 2, Tier 3?

Nehal Vora: I think it will be difficult to predict whether it will be sustainable or not, but it is expected to be sustainable, the reason is that it has not fallen up on every quarter-to-quarter. It has been growing. So the reasonable expectation is that today around 7% to 8% of the Indian population is only kind of accessing the securities market as has huge potential and huge young population coming into the workforce and with the government guarantee scheme is becoming a thing of the past the only access for wealth, wealth creation for your planning for old age and retirement is the securities market and the first point of call for any exposure into securities market will be opening a demat account, so I see there is a huge pent-up potential, which can be tapped in whether that will translate in the next quarter or next year or next 3 year or next 5 years is something which we will have to wait and watch, but I think the important thing is that the entire paradigm of doing things is doing it yourself, give as much information to each of the investors and that brings in trust and security into the system.

Aditya Bagul: Great, Sir. That is very, very helpful. Margaret, can we go back to the queue.

Moderator: Thank you. The next question is from the line of Kunal Thanvi from Banyan Tree Advisors. Please go ahead.

Kunal Thanvi: Nehal, good morning and congratulations on a good set of results and stellar performance for last one year. I had few set of questions like just wanted to understand this year has been aggression of fear for us and this market as such, there has been a plus of new demat accounts coming in, so if we look at it like the number of demat accounts that have come this year are being the larger than, it is a three four year's growth that have come in one year, how should one look at it in terms of next three years in terms of the volumes settlement market for the entire market in India that is number one, second is if you look at our profitability we are in a way thinking in terms of historical levels, as a management how do you look at it because one understands the fact that these are high employee cost business where the operating leverage would be higher than what we have seeing in the industry, so how do you as a management look at that particular aspect of profitability and my last question is on the fact is as the company is getting very vibrant in last one year in terms of capitalizing the opportunities that come our way in all the businesses that we are present in, so apart from already discussed things like this new KYC, KRA admission that is coming in any other avenues that we see that are interesting and are you looking to invest in the same, I remember you mentioning about preempting the maths last quarter, so any interesting thing that we should know? Thank you.

Nehal Vora: I think growth of demat accounts this year has been a very high growth year whether it sustains at the same levels or it is at a lower level or at a higher level is something, which we will have to wait

and watch. I think our core focus as a management team and my focus as the MD is to create a sustainable solution, which is safe, secure, convenient and creating that trust and the ecosystem, people want to come back to it really again and again and for me the biggest success would be my own clients and customer become my own people who will spread the words around the CDSL is a good platform to go to, so I think that is our focus. Whilst it is important to increase the demat accounts, but our focus is to create a safe, secure and convenient solution and platform and whether that translates into numbers or not is really a byproduct, it is not the main focus of the management team. Your second question, I am sorry, can you repeat your second question?

Kunal Thanvi: Sustainability of the profitability and operating leverage in the business?

Nehal Vora: I think for us the two main raw material and work in progress and finished goods are employees and the technology, so obviously technology also needs to be constantly updated and upgraded, information security is going to be another important component of our business, which needs to be constantly updated and upgraded and the people is something, which we need to because these are highly specialized people required in this line of business. Our endeavor is going to be to keep the costs under overall control; however, not compromising on the quality of the people, the technology, etc., which is getting used and hence we will have to go forward wherever our important aspects of employee, which needs to be increased or enhanced in terms of both quality and quantity as well as a technology interface and services both in hardware, software as well as information security is going to be a prime focus going forward because this is like building as I said in my previous call we are in the financial infrastructure stage, so it is like building a road, the road needs to be constantly really upgraded in terms of its quality of service at the same time the security and third is obviously the people who are really doing the operational task and that is going to be a focus, so that would kind of lead to some amount of an operational leverage as we go forward because these are kind of fixed cost which we invest in and hopefully that translates into higher revenue, which may not translate into commensurate increase in the cost as the revenue increases year-on-year, so there is an element of operational leverage, but how that cycle pans out whether it is every 3 years, 5 years, or every year because it is a combination of various costs, which are across the board both the technology as well as the employees and I am sorry, I have missed the third question, could you repeat the third question?

Kunal Thanvi: One question on the main avenue in the pipeline, any updates on the NAD?

Nehal Vora: NAD is something, which we are continuously working in the Indian scenario the government has decided to take it over and give it free of charge to NAD, but this is something we continue to focus on as phase 2, there are lot of other countries who are interested in this similar ecosystem, so we will see how it goes forward in terms of being able to rollout and secondly is the university is to comply with what the government has done, kind of really helping them also to comply with the interface, which is required for that, so these are some of other initiatives and I think as the financialization of market is happening more and more commodities are entering the financial markets, I think the safe keeping custody is going to become the most important driving force of this financialization of the market and pledge, re-pledge for example, gives an interesting feature

to the entire suite of products, which can add the financing piece also to the securities market, so these are some of the important building blocks where CDSL kind of plays in it and it will continue to grow.

Kunal Thanvi: Sure. Thank you and last if I can squeeze some bookkeeping questions on Girish if you can help with quarterly breakup for last year same quarter revenue and Nehal if can talk to us what dividend policy and any thoughts on with the improvement in profitability and the scale any thoughts on improvement in dividend payout? Thank you so much.

Girish Amesara: I will first provide the details of the income breakup. I will start with annual issuer income that we achieved during this quarter is 21.69 Crores compared to 19.48 Crores during last quarter. Transaction charge income, we have achieved is 0.95 Crores compared to 0.17 Crores last Crores. Another major source of revenue is online data charges, which we have achieved roughly 10 Crores compared to 9.39 Crores during last quarter. Another major source of revenue is IPO corporate exchange charges of 6.95 Crores compared to 5 Crores last year. Cash statement, we have contributed around 4.45 Crores during this quarter compared to 2.51 Crores during last quarter and this constitutes the major portion of our operating income and the remaining portions are contributing roughly in a range of 2% to 1%.

Kunal Thanvi: What about the E-voting?

Girish Amesara: E-voting this quarter is around 1.6 Crores compared to 44 lakhs during same quarter last year. The E-voting major income was already recorded in the second quarter, which we had discussed during last year's call. I hope I have answered.

Moderator: Thank you. I would request Mr. Thanvi to rejoin the queue for the followup question. The next question is from the line of Gokul Maheshwari from Awriga Capital. Please go ahead.

Gokul Maheshwari: Just two questions; one is on the payout policy if you are looking any change, which was asked on the previous call and secondly every few years you get a hike on the annual issuer charges and I think there is only 5 years of that, is there any update or engagement with the regulators on that if you can take? Thank you so much.

Nehal Vora: On the dividend policy it is a long-term sustainable policy. We have been fairly liberal in terms of current dividend policy. We are also building balance sheet in terms of its financial strength, also there are going to be newer projects coming up both on technology, which I had mentioned earlier and also the newer basic IFSC centers, which will need some amount of money going forward, so we will wait and watch how this pans out, but as of now I think it is a fairly liberal dividend policy and there are no plans of any changes as of now. The second question was?

Gokul Maheshwari: The annual issuer charges?

Nehal Vora: The annual issuer charges, we have not really engaged because because of the national pandemic, there has been an overall request to bring down the charges so we have not really approached it, we will see how this goes out within this year.

Gokul Maheshwari: Thank you so much.

Moderator: Thank you. The next question is from the line of Adesh Mehta from Motilal Oswal AMC. Please go ahead.

Adesh Mehta: Thank you for the opportunity. I just wanted to understand the unit economics of your annual issuer business, what is the variable cost and the fixed cost, which goes behind it. Thank you.

Nehal Vora: It is the amount of securities, which are dematerialized. It becomes an annuity charge, which is there and if there is any capital infusion or capital creation, there is charge for the corporate action, etc., which get created like a bonus or rights, etc., then there are separate charges for that. For any voting, which is done e-voting again, there is a separate charge, which is for that, so basically a host of depending on the circumstances of capital infusion that becomes variable cost, but then adds into basically the annuity, which is charged in terms of the total number of shares, which are under us.

Adesh Mehta: Right, just to paraphrase the question more accurately, a corporate like Reliance or Infosys it comes for the annual issuer business to you, what kind of variable cost you will incur in converting those get into your database?

Nehal Vora: There is no variable in terms of, it is a function of the number of folios, it is the shareholder increase in a particular company then the folios increase, so the charges on the annuity have a ceiling also, so beyond a certain level it is a fixed charge, which is there on a yearly basis.

Adesh Mehta: Okay, so there is no variable cost?

Nehal Vora: Most of the large companies have a same ceiling.

Adesh Mehta: Because my question was more from the cost side that you know I just wanted to understand the cost side better?

Nehal Vora: The technology cost, which are there and the operational cost are there, but as finally the passive share capital, there is no further corporate actions or no addition in terms of capital infusion, it remains in the system, but that is fair to ensure the security of that particularly.

Adesh Mehta: Sir, wish you all the best. Thank you.

Moderator: Thank you. The next question is from the line of Sunil Shah from Turtlestar Portfolio Managers. Please go ahead.

Sunil Shah: Thanks for the opportunity. Sir, my question was more on understanding how we can increase the total market size of the opportunity, so right now we are into depository for shares, but how about other alternates like getting the insurance policy also in the demat form or may be work towards getting the bank deposits also in the demat form, so if we can have some subsidiaries, which you did record into IRDA or RBI that should help really increase our opportunity size tremendously or increase our market share altogether because there is a great creditability on the share demat form and as a country we are doing digital and we are completely on safe, secure and convenient mode of working, so the opportunities of insurance or bank deposits, if you could give me some understanding as to that is possible or it can be evaluated or it can be thought upon just going something of in terms of quarter we are doing right now?

Nehal Vora: There is process of deliberation is happening called a single demat account where also an actual asset come under 1 demat account that is under active deliberation at the ministry level, but it will require creating a framework where all the regulators need to come on the same page. We will see how that goes because each of these products like insurance policies and bank deposits would be driven by differential rules by their sectoral regulator and that has to find a common minimum program to ensure that it becomes like a single demat account, so whilst the idea is being thought through, the operation modalities, etc., will have to be worked out, we will see how it goes.

Sunil Shah: We think that anything will progress in this direction when it is coming in 2 years or it will take some time more than 2 years respectively?

Nehal Vora: Difficult to predict the timeline because the proof of the pudding is in the eating, so till it is actually rolled out and operationalized; however, in the insurance sector there is a voluntary demat, which is continuing to exist and CDSL has a subsidiary, which does that, but I think your question is more to do with the single demat where everything comes under one fold, so that is something we will have to see how it works out, difficult to predict the timeline, how much time it will take.

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

Amit Chandra: Thanks for the opportunity, Sir. My question is related to the annual issuer charges, so if you can provide what is the revenue contribution from the unlisted company in this quarter and also if you could provide the split of folio based billing versus flat based billing in the annual issuer charges? Is it fair to assume that with increase in market share, the share of the folio based billing should also increase, but the same it is not reflected in the annual issuer charge as of now, so has we witnessed single folio based billing or it actually follows after sometime, so it is my first question, and second question is on the debtors provision, so we have seen a sharp decline in the debtors provision in this quarter, so how do we actually see this moving and do we need to provide more provision for the full year? Thank you.

Nehal Vora: Answering your first question on unlisted revenue, in this December quarter we have revenue of 1.12 Crores from the unlisted company revenue and for the 9 months we have an income of around

2.82 Crores for unlisted. As far as the debtors' provision is concerned our collection efforts for the 9 months ended December 31, 2020, were focused well beyond expectation compared to what it was during September quarter last year. If you recall lot many companies were not operating during the first half of this financial year and due to that the payment that were not forthcoming were received in this quarter. Due to this increase in collection ratio, more efficiency during this December quarter, the overall provision that we had made during September has reduced drastically in the quarter ended December 31, 2020. If we are able to maintain this collection ratio during the full financial year, this would be the picture that you will have debtors as of now is fully provided u for the recovery effort and as per the expected credit loss methods in the Ind-AS.

Amit Chandra: Generally, because we see a rise in the debtor provisions in the fourth quarter?

Girish Amesara: On an average our collection efforts were very good during this December quarter and that has resulted into lower provision for debtor's, let us see for the March, we will try to maintain the same collection effort and we will see what happens in March.

Amit Chandra: Sir, also on the folio based billing versus flat based billing in the annual issuer charges, so if you can throw a break up and also you were actually mentioning about increasing the market share that we have witnessed in one of the accounts in the Demat account, so will it translate on the higher annual issuer charge may be sometime utilize the share?

Girish Amesara: I think this increase in folio prediction would be very difficult at CDSL end because that is depending upon the corporate action that is decided by the companies and with respect to the breakup that you intent to have for income based on folio basis and income based on flat basis, can I come back on this because I need to check up on this detail.

Nehal Vora: Yes, normally I think Amit, we do not provide that level of detailing because it is finally it is a culmination, combination of both folio based as well as flat based, I think the important thing is the overall revenue growth, which is happening.

Moderator: Thank you. The next question is from the line of Aalok Shah from MNCL Group. Please go ahead.

Aalok Shah: Thanks for the opportunity and congrats on the great set of number. Just two quick questions from my side; one is on the margin front, how do we look at overall EBITDA margin with every passing quarter we have seen improvement there led by cost efficiencies, so not may be specific to a quarter, but on an aggregate basis, how we look at margin as a whole and two on the last question, which got discussed in terms of collection efficiency between September and December, you had talked about some element of provisions being created should that got reversed now and what is the stock of provisions now on the balance sheet?

Nehal Vora: On the first question on the EBITDA margin, I think it would be more or less these levels given, but again it is a function of overall buoyancy and volumes in the market, which will also drive a part of the revenue, the cost as I had earlier explained is kind of a fixed cost, so there is a level of

operational efficiency, which is built, but depending on our revenue is some part of it is limited to how the markets as a volume performed and some part is on annuity basis, so it is function of both these factors and at least our endeavor will be to keep in this broad band or broad range of the EBITDA margin, but each quarter-to-quarter it will be a function many such factors that would be taken. As regards to your second question, I will as CFO, Girish to answer that.

Girish Amesara: The provision for the bad and doubtful debts for 9 months ended December 31, 2020, we have made a provision of around 9.34 Crores compared to last year's provision of around 5.81 Crores. I hope I answered your quarter on provision.

Aalok Shah: This provision number in H1 FY2021, if you could help me with that number, please?

Girish Amesara: Half year was around 6.20 Crores.

Aalok Shah: This helps. Thank you so much.

Moderator: Thank you. Ladies and gentlemen, due to time constraint that was the last question. I now hand the conference over to Mr. Aditya Bagul for closing comments.

Aditya Bagul: Just wanted to say thank you to the entire management team for taking out the time and sharing your thoughts and commenting on the results. Nehal, Sir, I will hand the floor back to you for any closing remarks that you may have.

Nehal Vora: I think closing remarks is that we will continue to remain keeping our costs under control, but what is required to be done, will have to be done as I mentioned the technology costs as well as the employee costs. Our intent is to make these investors help to become self-sufficient and we hope that this will continue to ensure higher trust and growth in the CDSL system in terms of business. Thank you. Be safe and stay secure everyone.

Moderator: Thank you. On behalf of Axis Capital Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.