

CDSL/CS/NSE/RG/2024/284

November 04, 2024

**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 October 28, 2024

**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 October 21, 2024, for scheduling of Conference Call on October 28, 2024. 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 & Head Legal
ACS No.: A20586**

Encl: As above



“Central Depository Services Limited
Q2 FY '25 Conference Call”

October 28, 2024



- 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 Limited**
 - Mr. Latesh Shetty – Chief Executive Officer – Insurance Repository**
 - Mr. Swaroop Gothi, Financial Controller**
- Moderator:** **Mr. Amit Chandra – HDFC Securities**

Moderator: Ladies and gentlemen, good day, and welcome to the CDSL Q2 FY '25 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 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 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: Yes. Thank you, operator. So good afternoon, everyone. On behalf of HDFC Securities, we welcome you all to the CDSL Quarter 2 FY '25 Earnings Call. Today, we have with us 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 quarter by Mr. Nehal Vora, and then we'll open up the floor for the question-and-answer session. Thank you, and over to you, Nehal, sir.

Nehal Vora: Yes. Thank you so much, Amit. Very, very good afternoon to everyone, and thank you for joining us today to review CDSL's financial results for the second quarter of the financial year '24-'25. We posted a detailed investor presentation on our website for your reference.

I'm joined today by CDSL Group's leadership team, and we are pleased to share the company's progress and recent achievements with you. But before we go into the performance, let's first look at some important developments in the Indian capital markets. In quarter 2 of FY 2024-'25, India's capital markets demonstrated remarkable growth despite some volatility. The domestic investors continue to place their faith in the Indian capital markets, driven by the robust economic fundamentals and a strong growth of India. The long-term vision for economic reform and infrastructure investment continues to make India attractive securities market.

A significant milestone was reached in September, as the total number of Demat accounts in India surpassed 17 crores. CDSL added about 2 crore Demat accounts in the first 6 months of FY '24-'25 and about 1.2 crore demat accounts in quarter 2 of FY '24-'25, underscoring the trust placed by the market in us.

Our continued focus on digital innovation, such as ASBA and enhanced market accessibility and strengthened investor confidence, ensuring a seamless and secure trading experience. These initiatives align the commitment to empowering every investor to become self-sufficient.

We remain dedicated to leveraging technology and expanding our services to drive forward a more inclusive and a technologically advanced securities market. So, as we continue on this path, I would like to extend a heartfelt gratitude to all our stakeholders, beneficial owners, depository participants, issuers, regulators, employees and other market participants for their

steadfast support and partnership. We are especially grateful to our investors for the trust they place in us, which remains the driving force behind our progress.

Finally, on behalf of the CDSL family, I would like to wish you and your family a very happy Diwali and a prosperous New Year. Thank you once again for joining us today. I now hand over to the CFO, Mr. Girish Amesara, to take you through the details.

Girish Amesara:

Thank you, Nehal. Good afternoon to all of you. First, I'll start with consolidated financial results. The quarterly performance on a consolidated basis consists of total income for the quarter ended September 2024 has increased by 56% to INR359 crores as against INR230 crores for the corresponding period of the previous year.

Our net profit for the quarter ended September 2024 has increased by 49% at INR162 crores as against INR109 crores for the same quarter during the previous year. On the half-yearly numbers for consolidated, the total income is INR645 crores, as against INR404 crores in the previous half year.

The consolidated net profit for the half year has increased by 62% to INR296 crores as against INR183 crores during the first half of the previous period. Speaking on the standalone numbers, the total income for the quarter ended September 2024 has increased by 78% to INR324 crore as against INR182 crores for the same period during previous year. The net profit for the quarter ended September 2024 increased by 95% to INR171 crores as against, INR88 crores for the same quarter during the previous year.

Now for the first half on a stand-alone basis, the total income has increased by 55% to INR545 crores as against INR352 crores during the first half of the previous year. The net profit has also increased by 53% to INR276 crores as against INR180 crores during the first half of the previous year.

Thank you all, and I will now hand over to Mr. Sunil Alvares to speak on the KRA business. Over to you, Sunil. Thanks.

Sunil Alvares:

In FY '24-'25, the first half CVL had a good half year. The total income increased by INR65.19 crores to INR144 crores in the first half of FY '25 and total expenses also increased by INR21 crores to INR55 crores.

The profit before tax was INR88 crores as compared to INR44 crores in the same period last year, which was jump by 98% and the profit after tax increased to INR66 crores from INR32 crores, which was again an increase of 100% as compared to the same period in the last year.

With this, I'll open the floor for question-and-answer.

Moderator:

Thank you very much. We will now begin the question-and-answer session. First question is from the line of Swarnabha Mukherjee from B&K Securities. Please go ahead.

Swarnabha Mukherjee:

Yes. So, sir, I have a couple of questions. So the first was the other income in the P&L that you have reported in the breakup that you have given on different revenue lines, so just wanted to

understand that this jump in the other income that we have seen, what would be the underlying heads, which would have led to this kind of growth in the numbers?

If you can give us the breakup of the major parameters that are there, which has led to this growth? And the second question is on the other expenses side. So the breakup that you have provided there, I think there is I guess, there is a taxation element.

So, if you can give us some color on the taxation element, is it because of the capital gains tax change on your treasury book, whether that is impacting? And also, within that, any other head where the expense level has increased, if you can highlight on the same?

Nehal Vora: I'll ask CFO to answer.

Girish Amesara: So, in terms of other income, largely it consists of the consolidated statement that we send and the e-voting income that we earn with a combination of this. So those are at an amount of INR22 crores in terms of consolidated account statement and e-voting income of INR23 crores for the first half. This is the breakup of other income. And in terms of expenditure, we are taxed at 25.12% as per the income tax rate and accordingly, the tax provision has increased due to increase in the overall net profit.

Swarnabha Mukherjee: Okay. All right. So, no impact on the treasury side?

Girish Amesara: Treasury income is largely mark-to-market income. So as and when there is any actual realization of income, the tax accrues.

Swarnabha Mukherjee: Sure, sir. Got it. And in terms of the annual issuer chargers, if you could highlight what the breakup between, say, the listed and the unlisted companies and any impact if you were seeing on more unlisted companies coming in due to the recent regulation changes?

Girish Amesara: See, normally, we give the income of unlisted income, okay? So, in this quarter, we have earned a total income of INR9.20 crores from unlisted companies.

Swarnabha Mukherjee: Sure, sir. Sir, this increase, is this because of like more of this small companies coming in. Like it was mandated earlier to get...

Girish Amesara: Yes, it will be largely attributed to the regulated requirement of admitting the capital of small companies.

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

Amit Chandra: Sir, my first question is on the transaction charges. Obviously, we had like two rounds of cut in transaction charges and the new rate is applicable from the third quarter onwards from October. But for this quarter, obviously, we had a strong growth in the transaction revenues. So, if you can quantify what was the impact of the pricing cut for this quarter? And also, in terms of the pricing, obviously, we have seen two rounds, are we expecting any further like moderation in prices? Because if you see versus competition, we are still lower.

- Nehal Vora:** So, the impact of the pricing cuts will start giving effect from 1st of October where single charge as per SEBI circular, we have kind of put in place. And in terms of further cuts that is futuristic, we don't give futuristic answers. But we continue to remain compliant and overall competitive also to the market to ensure that we give the best class of services at a reasonable cost.
- Amit Chandra:** Okay. So, in this quarter, there was no impact of the pricing cut because last call you said that there can be incremental 1-month or 2-month impact because we went down from 4.5 to 4 and then again 3.5. So is it all volume-driven in this quarter?
- Nehal Vora:** Yes. So it's a combination of volumes as well as yes, the overall slab had come down as part that was effective of 1st June. But it's a combination of the number of transactions versus the rate out there. It's kind of based on the overall market activity.
- Amit Chandra:** Okay. And sir, in terms of the issuer charges obviously, you mentioned that there was strong additions from the unlisted side. But also in terms of realization, how different it would be? Is it onetime fees also that we collect, which is the onetime fees and then the annuity compound is also there. So for this INR9.2 crores on revenue from unlisted, how many companies like we would have added in the 3 months, unlisted companies?
- Nehal Vora:** I'll ask the CFO to answer.
- Girish Amesara:** Amit, in 3 months, we have added 3,428 companies and onetime fee i.e. issuer admission fee is around INR5.15 crores from such companies.
- Amit Chandra:** Okay. So out of INR9 crores, INR5 crores is onetime, and the rest is the annuity?
- Girish Amesara:** Annuity fee.
- Amit Chandra:** Okay. And sir, in terms of the costing, obviously, we have seen a jump in the employee expenses. So this is largely the annual like bonuses and annual increments or is there any other component to it? And also, we have seen the fall in the technology expenses after a long time. So, can we assume that the elevated era of higher technology expense is behind us, and it can normalize from here on?
- Nehal Vora:** So on the employees, it's a combination of, obviously year-end appraisal bonuses paid out but also increase in the employee strength as the operations have grown. This is to keep in sync with the increasing kind of activity at CDSL. And this will be continuous to be being on a periodic basis so that we are adequately supported by human resource as and when required.
- Second is on the technology. As I said earlier, we are like an infrastructure company we are an infrastructure company for the market. And technology is something which constantly evolves. So I think it's a more long-term play rather than a quarter-on-quarter play. And I would really urge all of you to look at it from that standpoint because there is a lot of potential yet left in the market and it has to be adequately supported by the technology in terms of the latest to be put as a part of the CDSL ecosystem.

Amit Chandra: No, so I agree to that, but my question was more that in FY '23 and '24, both we had 45% kind of a Y-o-Y increase in FY '24, 65%. So that kind of elevated technology cost will be seen, or we assume that it will be that elevated or because we have seen some moderation in this quarter. Is there some like one-off or like most of the investments that we planned?

Nehal Vora: No, it's again a part of the overall continuous assessment we've done. We don't give future guidance so we're not able to really give you. But the intent is to ensure that the technology remains sophisticated, remains modern and it remains adequate for the kind of the activity that CDSL has to go through.

Amit Chandra: Okay. And sir, one last question so in the others in terms of revenues, in the PPT, you mentioned that there was a contribution from like PACL activity. Is it a big number or is it or it was there in last quarter also, if you can quantify that?

Girish Amesara: It is more or less similar to last quarter.

Moderator: The next question is from Supratim Datta from Ambit. Please go ahead.

Supratim Datta: My first question is with respect to the transaction charges. I understand that you have...

Nehal Vora: Can you speak up a little bit, your voice is very soft?

Supratim Datta: Yes. So, what I was asking is on the transaction charges, I understand the current rate is INR3.5. Now could you give us some sense that how different is it from the previous blended yield that you would earn on transaction charges? That would be my first question.

And on the second one on cost. Now I understand from the previous participant and the commentary that you gave to his question that you don't give forward-looking guidance on transaction charges. But I wanted to understand -- it was on technology costs, but what I wanted to understand was on the technology, what are the other projects that remain or you are looking at implementing over the next 2 to 3 years? Could you give us some color on that, that would be very helpful?

Nehal Vora: So, on the transaction charges, you can kind of work out what would be the average cost with the in the previous quarter, but it has definitely gone through very rigorous working before we came to the conclusion that INR3.5 would be a reasonable charge given the current scale of the activity. And that is single charge, which is required to be done as per the SEBI circular.

As regards your second question on our technology, so technology will remain as a core input because being a market infrastructure company in the securities market where technology is the key driver, both in terms of sophistication of hardware, applications, security as well as network is going to become a key part of our constant assessment whether A, whether products which are here are there is some small sophistication, which has come and can be really implemented.

And B, if there is some kind of more value proposition, which can be brought it into the technology fold in terms of throughput, in terms of speed, in terms of the efficiency is what will need to be continuously assessed as we move forward.

The intent being that we create an infrastructure, which is secure at the same time kind of efficient so that it is really able to assess the requirements of the market in terms of the efficiency and the time required to really processing this information. So it will be difficult to specify what would be there and that's, again, a futuristic statement. But overall, the ethos is to ensure this what I have just articulated.

Supratim Datta: Got it. And sir, on the first question, could you let us know whether this INR3.5, is that a revenue neutral rate or is it lower than because why I ask is because calculating the blended yield is difficult because we don't know what is the split of the delivered quantities based on the slab.

Nehal Vora: So it will be difficult to answer whether it will be revenue neutral or not, but going by the numbers see, because revenue is a function of number of transactions into the rate. Now the rate is just 1 part of the throughput. It's a number of transactions. So, quarter-on-quarter, how much are the number of transactions will really determine that. The intent being that really the economies of scale should be extended to the overall securities market, and that is what is the endeavour which has been done.

Supratim Datta: Got it. Got it. And my final question is on the private company side. I understand that you have incurred INR9.2 crores in revenues. What would be the cost associated with this? How much -- is there any incremental cost that is associated with it?

Nehal Vora: So the incremental cost will be of the technology of the people. It's the same usual as we call it. It is kind of the blended cost, which is part of the infra, both in terms of human resource and technology. It would not so therefore, it will be difficult to kind of quantify specifically to this activity because it's an overall infrastructure which is getting provided.

Moderator: The next question is from the line of Santosh Keshri from SKK. HUF. Please go ahead.

Santosh Keshri: I must congratulate you for such a great performance. I have two questions. One is about the cash balance that we have in our books. I assume, looking at the balance sheet, by my calculation is something like INR1,400 crores. And as you can see with the rising profits, the cash balances are going up.

So I am not asking a futuristic question, but in terms of the immediate needs of the business has not been there with so much of cash balance and also CDSL completing 25 years, you're issuing bonus shares. Any other plan for rewarding shareholders with some cash dividend or do you have any plans for using this cash for some acquisition purposes?

Nehal Vora: So we will continue to wanting to reward shareholders as and when it goes forward. Our overall endeavour has been to do but also there are newer products and technologies, also the strength of the financial statement is a very critical part of ensuring the robustness of CDSL as it goes forward.

It also builds the trust in people to really invest their hard-earned savings on to the CDSL platform. So we will continue to assess this. And wherever we feel that there is an appropriate opportunity to further reward shareholders, we will continue to do that.

Santosh Keshri: Yes, sir. But rather than giving dividend every year, it could be quarterly with the profits because the other market participants like CAMS particularly, they give interim dividend at frequent intervals. So that would also be very welcome for a company like CDSL. That's my suggestion.

Nehal Vora: Yes. So as I said that what CAMS does is as per their scale of activity. We have a different scale of activity. I don't think they're comparable in that sense. But however, we have always kept in mind the shareholder interest, but more importantly, the overall market basically resiliency to be the core of our kind of the investment.

And as you have seen that in this last 25th year, we've given the record dividends coupled with a 1:1 bonus. So, we will definitely not be shy in rewarding the shareholders wherever the opportunity is there. But at the same time, there's the resiliency of the markets and there's resiliency of the infrastructure and CDSL as a company, is the topmost in the mind wisely.

Santosh Keshri: Okay. Understood. And 1 more question regarding the trade receivable balances we have. Last September '23, the balance was something like INR90 crores, INR89.35 crores to be precise. Now in this half year, as of September 30, '24, the balance is something like INR124 crores. So why this good increase in the trade receivable balance...

Girish Amesara: September '24 vis-à-vis September '23 is something we should avoid because the main reason is that we do any billing in the month of April, okay? And that's quite a chunk of amount. So, this is going to be there till some time, it is fully resolved.

Santosh Keshri: That I agree sir. But the point is that even compared if you compare this with the March balance, there also it's been an increase from INR86 crores to INR124 crores, so is this because of the revenue scaling up, our receivable balances will also go up? Or this is because of some stock balances which are which we hope to realize...

Nehal Vora: No, I think the way you should look at it is as a percentage of the total revenue, which is generated. I think the percentages are nearly the same or profit's lower in this year. And as the scale of activity grows, this will also grow.

Girish Amesara: And also, the scale of revenue growth, it is bound to grow.

Moderator: The next question is from the line of Pratik Shah, who is an individual investor.

Pratik Shah: Firstly, just I would like to congratulate, Nehal, sir, for becoming again MD and CEO for the CDSL. I wish under the leadership; the company will reach its new height in coming years and congratulations to the entire CDSL team for putting a great set of numbers.

I have a couple of questions and one suggestion to the team. Just like to want to know about this insurance repository. As we all know that now onwards this mandatory to dematerialize the insurance policy. What is the progress of that? And what are the kind of advances that company achieving quarter-on-quarter?

And one suggestion to site side can we put up some kind of numbers for this desktop, mainly for this insurance repository to this our investor presentation so that we'll get to know that what is the progress of each and every quarter and how many policies we are adding by each quarter?

Nehal Vora: So first of all, Pratik, thank you for your warm wishes both personally as well as to CDSL team, they're really valuable. I'll ask the CEO of the Insurance Repository, Latesh Shetty, to answer your second question and suggestion.

Latesh Shetty: Pratik, Happy Diwali in advance. And as you rightly pointed out, with the recent regulatory changes at IRDA end, there has been a slight awareness about insurance repository per se in the market. But largely, we still depend on the life insurance and general insurance companies for giving the business. So that still has not changed.

What we have done at our end is we have now opened the portal for any policyholder to log in and create a free account so that the end policyholder can gain the benefits of insurance repository. So that is one change which we have done. And as the numbers are already published, we are currently in September '24 quarter, we have closed at 3 lakhs and the expenses remained at 85.31 lakh and it is a healthy growth rate, which is coming in.

Moderator: Next question is from Sanketh Godha from Avendus Spark. Please go ahead.

Sanketh Godha: Sir, you said INR9.2 crores of revenue from the unlisted companies. So and as you highlighted it is because of your regulatory thing. So, I just wanted to understand on incremental new companies which are converting themselves into dematerialized form. How much we are enjoying the market share? Whether we are taking lion market share or we are actively targeting these companies to have a potential market share the way we have it in Demat account? That's my first question. I have two more. If you answer this, then I will ask those 2.

Nehal Vora: So in terms of the market share, there is no published specific numbers across the thing, but we continue to engage and continue to ensure that the value proposition is given for these because there are some amount which is published, but whether that is total or not that needs to be assessed in overall. So hence, it will be difficult to comment on that question.

Sanketh Godha: Got it, sir. And the second question is on employee cost. Sir, this employee cost what we reported around INR31 crores, just wanted to understand, is there anything one-off variable cost which will not repeat next year in subsequent quarters?

Nehal Vora: No, no, this is part of the regular appraisal process and the new recruitments which we are doing. So, it's a combination...

Sanketh Godha: No onetime bonus kind of thing was paid in the current quarter, right, sir?

Nehal Vora: So, there is no question of onetime bonus. It's an annual appraisal cycle and there is a variable cost as well as the salary increments, which happen every year.

Sanketh Godha: Got it. Got it, sir. Perfect. And the next question was, sir, , if I look at other expenses, which is excluding employee cost, depreciation, and your technology costs, which are INR67 crores in

this quarter. So the regulatory cost was just INR13-odd crore, still the jump in the other expenses. Admin and other expenses seem to be very high, around 52 percentage quarter-on-quarter and almost 90 percentage year-on-year.

So still want to understand the color of these expenses, what is leading to it? Because regulatory cost, I understand, it's a variable growth along with the OPM, but still other things has grown meaningfully. Just if you can give a bit of color there would be useful, sir?

Nehal Vora: Yes. I'll ask the CFO to answer that.

Girish Amesara: So if you look at the overall operation, if you look at increasing the operating income, similarly, the operating expenses has also increased. For example -- I can give you an example that due to larger scale of retail operations we have to also send various kinds of SMS alerts, e-mail alerts.

So, we have to also considering that e-voting income largely comes in second quarter. There is similar expenses for e-voting, then we have professional fees. We also have inter-KRA expense on a higher scale, considering the PRA operations on higher skills. So, all put together this is culminating into overall increase in the operating expense.

Sanketh Godha: Got you. Sir, is it fair to assume this expense always to be variable to the top line?

Girish Amesara: Yes.

Sanketh Godha: Okay. Perfect. And lastly, 2 data-keeping questions, if you can give impairment cost in the quarter and the pledge income in the quarter?

Girish Amesara: Impairment cost for the quarter is INR3.28 crores and pledge income is INR7.30 crores.

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

Uday Pai: I just had one question. If you can share the unique Demat account percentage out of total Demat account that you have?

Nehal Vora: We don't give that number out in the public domain as of now. So I would not be able to give that.

Moderator: Next question is from Sanidhya from Unicorn Asset Management. Please go ahead.

Sanidhya: Two questions on the repository side. Sorry, if I missed it, I joined a little late. One, what's the revenue for this quarter? And I can see we added almost a 1 lakh policies on the repository side, if I'm not wrong?

Girish Amesara: So revenue for this quarter is INR359 crores with a net profit of...

Sanidhya: For the repository business I'm talking about.

Nehal Vora: You're talking about insurance?

Sanidhya: Yes, yes.

Nehal Vora: INR103 lakhs for the September ended quarter, the revenue.

Sanidhya: And what would be the number of policies that would be added?

Management: The total cumulative policy that we have added is 15.72 lakhs is the cumulative policies so far.

Sanidhya: Okay. And sir, for this quarter?

Latesh Shetty: For this quarter sorry, I don't have the breakup of this quarter.

Nehal Vora: You can just send us a mail; we will send it across to you.

Sanidhya: Sure, sir. Sir, if you go by the last quarter's numbers, so there were nearly INR99 lakh revenue from 1 million or 1 lakh policies that were added. So is it safe to assume that -- like per policy it's like INR100?

Latesh Shetty: No, we do not give the breakup of per policy number, sir.

Sanidhya: No, on an aggregate basis. If we see the yearly, let's say, we this like, let's say, last year, we had 12 lakh then this year, we have 20...

Latesh Shetty: Basically a blended cost what you need to see is the blended cost. Now whatever interpretations you want to take from the total revenue and total number of policies and come out with the average cost per policy, that is fine. But whether that is very extrapolatable or as a growth is something which we will we actually would not be able to tell you at this stage.

Sanidhya: Sure. Sure. And secondly, on the same business. So we are seeing that our competitors have been able to grow like a 10 lakh policies a quarter, whereas we are adding like 1, 1.2, 1.4 lakh policies a quarter. So where are we lacking? Like I think CDSL's technology platform, everything, this customer awareness, trust, everything is far better than any private player doing this?

Latesh Shetty: So now you will see those changes because the major dependency is still with the insurance companies for us to grow the business. And as you rightly pointed out, the numbers are a bargain number, so the competitor may be giving a better deal. This is not necessarily we also should follow the same path.

As I mentioned earlier, now we have opened the portal for end policyholders to directly open the account and add the policies, so that will see some growth in the numbers. So now we are changing the strategy, and we are going directly to the end policyholders. That will also see some uptick in numbers going forward.

Nehal Vora: So again, that is really expected to see some whether it will happen or not that only the future will tell us.

Sanidhya: Okay. are we launching any applications for the same? And what are the kind of advertising expenses that we are trying to do and what kind of people we are trying to reach through doing this?

- Nehal Vora:** It's a general upgrade of the portal itself. So there is no separate application that we are launching, but the core application itself is seeing some upgrades.
- Sanidhya:** Okay. Any tie-ups with the insurance agents or anything that we are trying, or we are planning or any plans for application as well?
- Nehal Vora:** Yes. I'm not at the liberty to disclose that right now. But yes, there are continuous efforts to bring in the insurers, which are not participating into the fold.
- Sanidhya:** Okay. No, I was talking about the individual insurance agents, like would we tie-up with those people so that they may help the customer to reach through CDSL, that's what I meant. And what would be your approach in growing this particular business? Like what kind of growth numbers should we see absolute not in the revenue terms, I'm just asking in terms of policies that we acquire going forward, like 2, 3 years down the line?
- Nehal Vora:** So, it is difficult to reveal that. It's again a futuristic statement. Again, our intent is always to bring in the best-in-class technology across all our products and subsidiaries and to create value proposition and leave the rest to the market to figure out and give that kind of participation. So, I think that's really the intent behind all our kind of activities. So, it will be difficult to predict also, and we don't give any futuristic statement also.
- Sanidhya:** No worries, sure. Just lastly, on any advertising we are planning to do for this business.
- Nehal Vora:** No, again, there is no specific advertising for this business or that. Wherever it is required that visibility is required, the management will not be shy in really spending that money.
- Moderator:** Next question is from Supratim Datta from Ambit. Please go ahead.
- Supratim Datta:** I have just 1 follow-up question. So in the KRA business, I understand your competitor has launched a product, which promises 10 minutes KYC so just wanted to understand that are you planning a similar kind of product or a competitive offer? How are you planning to tackle this competition that is emerging on the KRA side?
- Nehal Vora:** Sunil if you can answer that?
- Sunil Alvares:** Yes. So, to answer your question, we already launched a similar facility. So, we complete almost 50% to 60% of whatever KYC records come to us in the first hour itself. And then depending on the clarity of the image, et cetera, we verify the rest. Most of our clients, continue to be with us in spite of the competition, because of the quality of our services we offer.. I hope that answers your question.
- Moderator:** Next question is from Santosh Keshri from SKK. HUF. Please go ahead.
- Santosh Keshri:** So this question relates to CVL. As I heard correctly, the profit of CVL for this quarter increased by 96% compared to the last year, correct me if I'm wrong.
- Sunil Alvares:** Yes.

- Santosh Keshri:** Okay. So this is a very good increase in the topline. And I wanted to know about this in the sense that do we get any revenue from CDSL or all our revenues from the third-party players, for example, mutual funds or brokers. How do we get revenue?
- Sunil Alvares:** See, 99.99% is from the market that is intermediaries like brokers, mutual funds, you name the intermediary in the market. With CDSL, we are doing some PAN verification, so that is the only revenue we get from CVL.
- Santosh Keshri:** Okay. Okay. Great. And what could be the annual profitability, not for the future, but the last 12 months, if you can just share that number?
- Nehal Vora:** Profitability over the last 12 months?
- Santosh Keshri:** Yes, last 12 months, sir.
- Girish Amesara:** Last year, it was INR86 crores in case of CVL.
- Santosh Keshri:** So that was for March end financial year ending March '24, you were talking about?
- Girish Amesara:** Yes. You said last year, right?
- Santosh Keshri:** Yes. So last 12 months, if we say year ending September '24...
- Nehal Vora:** So as on September '24.
- Girish Amesara:** So last year first half was around INR34 crores.
- Sunil Alvares:** It was INR32.21 crores to be exact.
- Santosh Keshri:** Okay. And this year, it is something like and what will be the amount for this year, sir?
- Girish Amesara:** Sorry?
- Santosh Keshri:** What will be amount for the last 6 months, that is the 6 months ending September '24?
- Sunil Alvares:** INR66.54 crores is the profit after tax for the first half year of this financial year.
- Santosh Keshri:** So sir, I have 2 requests on this. One is that if in our PowerPoint, now it's a good amount of profit that's coming from CVL, so if you can give more details, more color in our presentation - - quarterly presentation about CVL, it will be really helpful in terms of the different revenue breakups and the expenses that we have.
- And secondly, now this is a good business, something like INR90 crores, INR95 crores coming as a profit from this business. Any plans for listing this as a separate entity in the market? Because I remember when the CDSL was listed, the profit for the CDSL for the entire year was something like under INR100 crores. So then the management the BSE management, your shareholders thought it good to list CDSL in the market. Any plan for listing CVL as a separate entity in the market?

- Nehal Vora:** So I just thought I'll clarify the reason why CDSL was listed. BSE had to divest its stake from 54% to 24% at that time and the most democratic and scientific and transparent way of this would be to go through and maybe an offer for sale and hence CDSL was really made to list at that stage. CVL, whether it will be listed or not is something which would continuously be assessed by the CDSL Board and management. And whenever we feel the appropriate time, that time we'll come forward.
- Santosh Keshri:** Right, sir. Fully agree with you, but that would be a very good way to reward your shareholders without costing CDSL much. You'll be able to that will be a very good exercise in terms of balance sheet management. And as you said, a democratic way to benefit shareholders of CDSL, who have been persisting with the company for a long time. Though it has rewarded, there will be much more reward if this happens.
- Nehal Vora:** So, we'll we have anyways taken note of your suggestion. We will see it really at an appropriate time. Thank you.
- Santosh Keshri:** Thank you so much, sir.
- Moderator:** Thank you. Before we take the next question, a reminder to participants that you may press star and one to join the question queue. The next question is from Parimal Mithani from Credential Investments. Please go ahead.
- Parimal Mithani:** Sir, thank you for the opportunity and congratulations on a good set of numbers. Sir, I just wanted to know any update on the account aggregator side, sir? What is the status currently right now?
- Nehal Vora:** No, the account aggregator CDSL has been mandated as per SEBI circular [inaudible 0:48:34]
- Parimal Mithani:** Sorry, sir, I could not hear you, sir.
- Nehal Vora:** I'm sorry, as per the SEBI circular, CDSL is a financial information provider, so an FIP, and it continues to be that for people to access their information. We are not in the business of the account aggregator. And as regards the FIU, that will be driven by the SEBI rules as prescribed from time to time.
- Parimal Mithani:** Okay. And sir, second question is, there is an increase in investment in associates from almost INR25 crores to INR46 crores. Can you give a breakup on across which subsidiaries you invested sir?
- Nehal Vora:** I'll ask the CFO to answer that.
- Girish Amesara:** The investment in associates is basically into the gold bullion doing company at GIFT City. And for GIFT City companies, there are regulatory network requirements prescribed by the IFSCA regulator. So, all the consortium members invested a similar amount in the holding company, which has floated stock exchange and repository in the GIFT City.
- Parimal Mithani:** Okay, sir. Thank you.

- Moderator:** The next question is from Arka Bhattacharjee whose an individual investor. Please go ahead.
- Arka Bhattacharjee:** Congratulations on the beautiful numbers and also living up to your commitments regarding the bonus that you had a discussion on the last con-call and regarding your shareholders, so we are really grateful for that. I just wanted to know I have two questions, one on the technical stack side and another on the insurance question that asked, which is regarding if you can give you some color on the insurance repository in terms of the...
- Nehal Vora:** Your voice is not very clear Bhattacharjee. Your voice is a little muffled, so we cannot really understand what you're saying.
- Arka Bhattacharjee:** Okay. So I'll try to speak a little louder on this. Just a follow-up question on the previous one. If you can give me some color on this kind of repository industry that what kind of growth prospects we are looking at? And also, what is the opportunity for investors like us? And also on the technical side for the kind of tech stack that you guys are using, because there is no mention on the annual report as well?
- Nehal Vora:** I'm sorry, what is we have not mentioned in the annual report? I didn't get that part.
- Arka Bhattacharjee:** The technical stack that you guys are using because you have given an overview on the safety, security and all these things. But there's no specific mention of kind of technology that you're using. Is there a restriction to that or if you can disclose it to your shareholders on the report?
- Nehal Vora:** So normally on technology i.e. which technologies are used is never disclosed as a part of within those principles. It is more importantly as to what that technology is able to do and converting it into a value proposition in terms of numbers, in terms of throughput, et cetera, which I think would be more of interest to the shareholders. So typically, in any of our businesses, we don't really state about the technology. And I don't think any other companies also don't really disclose the technology is being used within your company.
- And I'm sorry your first question was again, what would be the insurance repositories growth in future? We don't give any future guidance. I'm sorry, I would not be able to give you.
- Arka Bhattacharjee:** Yes. Right. Okay. And congratulations on the numbers.
- Nehal Vora:** Thank you.
- Moderator:** Thank you. The next question is from Shreyansh Jain from Arthya Wealth and Investments. Please go ahead.
- Shreyansh Jain:** Yes. Thank you for the opportunity. Actually, sir, as you mentioned that we have -- we got -- had an income of e-voting and consolidated account statement in second quarter. So it is included in our other operating income segment, or it is included in our IPO and corporate action segment?
- Girish Amesara:** Other operating income segment.
- Shreyansh Jain:** So what are the revenue streamlines for our IPO and corporate action segment, can you give some color on that?

- Girish Amesara:** The IPO, corporation action income, if you look at quarter-on-quarter, this quarter, we have a healthy growth. if you look at IPO corporate action charges, it is largely because of on account of IPOs.
- Nehal Vora:** The IPOs, which come out and the related activity in the repository is supposed to do in terms of the validation. It's linked to that. So finally, from your point of view, it is mainly the IPO-related activities, the listing of the IPO and the validations which are required for the IPO to both.
- Shreyansh Jain:** Okay. So, in this quarter, the good growth in IPO income is due to higher number of IPOs or is it something related to other activities?
- Nehal Vora:** So, it is a number of IPOs and the size of the IPOs, both.
- Shreyansh Jain:** Okay. So, a higher size of IPO, we get better yield?
- Nehal Vora:** On the yield, it is the number of validations, which needs to be done as a part of the ecosystem. So, there are charges for those validations. So more the number of applications, more validations.
- Shreyansh Jain:** Okay. Understood. Thank you so much.
- Nehal Vora:** Thank you.
- Moderator:** Thank you. That was the last question in queue. I would now like to hand the conference back to Mr. Nehal Vora for closing comments.
- Nehal Vora:** Yes. So, I would like to wish all of you a very happy Diwali and Happy New Year. Thank you for all your questions and continue to stay safe and sound. Thanks.
- Moderator:** Thank you very much. On behalf of HDFC Securities, that concludes this conference. Thank you for joining us, ladies, and gentlemen. You may now disconnect your lines.