



Central Depository Services (India) Limited

CDSL/CS/NSE/AJ/2023/123

May 09, 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 May 03, 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 April 27, 2023, for scheduling of Conference Call on May 03, 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

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
Q4 FY2023 Earnings Conference Call”
May 03, 2023



Analyst: Mr. Praveen Agarwal – Axis Capital Limited

Management: Mr. Nehal Vora, Managing Director & Chief Executive Officer,
Central Depository Services (India) Limited
Shri Girish Amesara, Chief Financial Officer. Central Depository
Services (India) Limited
Shri Sunil Alvares, Managing Director & Chief Executive
Officer, CDSL Ventures Limited
Smt. Nayana Ovalekar, Chief Regulatory Officer
Shri Ramkumar K, Chief of Business Development and New
Projects
Shri Rajesh Saraf, Chief Data and Operations Officer
Shri Vinay Madan, Chief Risk Officer



*Central Depository Services (India) Limited
May 03, 2023*

Moderator: Ladies and gentlemen, good day and welcome to the Central Depository Services (India) Limited Q4 FY2023 Earnings Conference Call hosted by Axis Capital Limited. 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. 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 construed as forward looking statement must be reviewed in conjunction with the risk that the company faces. I now hand the conference over to Mr. Praveen Agarwal from Axis Capital Limited. Thank you and over to you!

Praveen Agarwal: Thank you. Good afternoon everyone and welcome to this earnings call of CDSL. We have the entire management team of CDSL with us led by Mr. Nehal Vora, MD and CEO. We will start with a brief on the results from Mr. Nehal and then we will move on to Q&A. Over to you Sir for the opening remarks please. Thank you.

Nehal Vora: Thank you Praveen. Good afternoon and welcome everyone. I hope each of you and your loved ones are safe and healthy. Thank you for joining us today to discuss CDSL financial results for the Q4 and full year financial year ended March 31, 2023. As in the previous quarters we have posted a detailed financial presentation on our website for your reference. I am joined by the CDSL Group’s leadership team.

Let me start with the industry highlights and then take you through some of the key aspects of our performance. To begin let me highlight the industry trends and then discuss some of our key performance aspects. During FY2023 the capital market industry experienced a mixed performance while certain sections continue to show a growth momentum. Retail market participation remains muted as compared to FY2022. The business environment in the Q4 was similar to the full year trends described above. In addition to these industry developments several new regulations were introduced during the year. We believe that these regulations will benefit the industry in a medium term as they aim to protect the interest of the retail investors as well as the investors at large and reduce the systemic risk. Overall, we view these regulatory measures as positive for the industry’s long-term growth. This quarter India further strengthened its retail participation in the Indian capital markets. The total number of demat account investors in India touched a new milestone of more than 11.3 Crores in Q4 of FY2023, of which 8.3 Crores demat account investors got registered with CDSL. The registered investors as on March 31, 2022 were 6.3 Crores which shows an increase of 32% over the last year.

We are harnessing the benefits of the digital innovation and the presence carved out across years especially in the Tier-2 and the Tier-3 cities. The availability of digital services such as eDIS, margin pledge and re-pledge mechanism, eAGM and e-Voting and online account opening has had a significant impact on the growth of Indian retail investors. However, this is just the beginning, and our primary goal is to continuously enhance the financial ecosystem by making it more efficient and transparent. In terms of the performance our strategy focuses on accelerating the core annuity income, simplifying the process of emerging investors and fostering new developments in the Indian securities market. CDSL has committed to growing its business sustainably by diversifying its revenue, investing in advanced technology and cultivating its people. As we celebrate our 25th year of operations our focus remains on improving the financial ecosystem by enhancing its efficiency and transparency. We would like to prioritize and focus our Aatmanirbhar Niveshak approach by striving for innovation resulting in consistent and a healthy financial performance. We are dedicated in curating a secured financial ecosystem and providing differentiated experiences that create value to our investors and stakeholders. Before I hand it over to Shri. Girish Amesara, our Chief Financial Officer I would like to say that the growth of the Indian securities market is an extremely encouraging sign of India's potential. I also want to place our appreciation and gratitude to all our stakeholders, our regulators, depository participants, investors, issuers and other market participants and employees who have constant faith in us. With this I would like to hand it over to our CFO, Shri Girish Amesara.

Girish Amesara:

Thank you Nehal. Good afternoon to everyone. Speaking on yearly performance total standalone income has increased by 13% for the year ended March 31, 2023, at Rs.544 Crores as compared to Rs.483 Crores from the previous year. The net profit on a standalone basis is up by 3% to Rs.272 Crores as compared to Rs.264 Crores during the last previous year. On a consolidated basis the total income has increased by Rs.15 Crores to Rs.621 Crores for the year ended March 31, 2023, as compared to Rs.606 Crores from the previous year. The net profit on a consolidated basis is down by 11% to Rs.276 Crores as compared to Rs.312 Crores.

Speaking on quarterly performance the standalone total income for the March 2023 quarter has increased by 3% to Rs.112 Crores as against same quarter previous year of Rs.109 Crores. The standalone net profit on a quarterly basis for the March quarter is at Rs.52 Crores as against Rs.58 Crores for the previous year same quarter. On a consolidated basis the total income for the March quarter has decreased by 3% to Rs.144 Crores as against Rs.148 Crores for the same quarter previous year. The consolidated net profit on a consolidated basis is at Rs.63 Crores for the March quarter 2023 as against Rs.78 Crores for the same quarter previous year. Now I shall request Shri Sunil Alvares to give an update about the operations of the wholly owned subsidiary CDSL Ventures Limited. Thank you. Over to you Sunil.

Sunil Alvares: I think the numbers are already shared so that we can start off with the Q&A session directly.

Moderator: Thank you. We will now begin the question and answer session. Ladies and gentlemen we will wait for a moment while we pause for questions. Our first question comes from the line of Prakash Kapadia from Anived Portfolio Managers Private Limited. Please go ahead.

Prakash Kapadia: A couple of questions from my end. If I look at CDSL Ventures, we have seen a revenue degrowth for almost all quarters during the year so can you explain what is happening at a time when SIP flows are strong, new demat accounts are strong so is there pricing pressure, is there some change in the business model, is it competition, what is leading to this fall in revenues?

Nehal Vora: So you want to finish both your questions?

Prakash Kapadia: Of the employee cost we have seen a 60% increase in 2023 so if you can share the fixed or variable nature of this to understand how would this move forward on a going forward basis and lastly what is the capex and technology spends done in 2023? These were my three questions.

Nehal Vora: First one I will ask Sunil to answer and the remaining two I will ask CFO Girish to answer.

Sunil Alvares: Yes if you see the KYC business there are two major sources of income, one on the creation side and the second is on the fetch side. Now the KYC business a lot depends on the state of the primary as well as the secondary market. If you see last year the number of IPOs reduced substantially as compared to the previous year so it had an impact on the number of new accounts being opened that is demat accounts and broking accounts so if you see overall stats I think the demat accounts were impacted by about 35% so to that extent I would disagree with you that though the money is coming in SIPs, but these are accounts which are already opened and for which KYC is already done. Thus, the KYC has got impacted as the number of broking and demat accounts has gone down.

Prakash Kapadia: You are saying the pace has slowed down Sunil what you are saying is they were growing at X percent?

Sunil Alvares: What I am saying is if the demat accounts have gone down by about 30% to 35% then the KYC also has got impacted by about 25% to 35% so it goes hand-in-hand. So, you cannot have more KYCs and less demat accounts opening so it is directly a function of the demat accounts or the broking accounts that have opened. This has impacted the number of KYCs and the overall revenue.

Prakash Kapadia: This fetch thing because incrementally you are saying the flows are coming in the same folios in mutual fund and folio addition is not so strong so the fetch business also gets affected?

Sunil Alvares: Absolutely, because we charge only a one time on the fetch side. Once the record is fetched, it is free for the lifetime of that KYC record. Even if you fetch a particular KYC record, say 12 times a year or 24 times a year, I have already charged you once and there are no further charges thereafter.

Prakash Kapadia: So there is no real pricing change or competitive intensity which is leading to this fall?

Sunil Alvares: There are pricing pressures on the creation side because so long as there is competition they will try to pull your customers by offering lower charges. That is a part of market competition so that will go on anyway.

Girish Amesara: So in terms of employee cost if you look at historically CDSL's employee cost was in single digit if you compare previous year's expenditure to total revenue and now it is at 8%, last year this year it was at 13%. If you recall previous two years were high growth years and our operations had almost increased compared to what it was prior to two years and in terms of that we had planned to increase manpower base so current year on a net basis there is increase in the employee strength of roughly 35 people and typically if you look at the SEBI regulations also, the bonus is one third of fixed cost so basically that is how the categorization of the combination works and addition of 33 employees during this quarter.

Nehal Vora: To add to what Girish said the regulations do not allow any ESOPs to be granted so obviously to retain talent you need to kind of appropriately compensate them to get the best of people and to retain them. As compared to our comparison of employee cost as a percentage of revenue to other market infrastructure institutions, we are one of the lowest so I think that continues even after this, but we need to continue to retain talent to ensure that we get the best in class as a part of our structure.

Prakash Kapadia: Girish you mentioned employee cost I think if I look at consolidated, they are almost 15% of sales so is it some operating leverage because subsidiaries have not grown so that is why also on a consolidated basis it looks higher than the standalone businesses is that right understanding?

Girish Amesara: I gave you the details on consolidated basis. We always speak on consolidated basis.

Prakash Kapadia: Rs.555 Crores revenue, employee cost was Rs.80 Crores so that is 15% and not 12% or 13% which I think you mentioned?

- Girish Amesara:** Turnover on consolidated basis is Rs.620 Crores.
- Prakash Kapadia:** I think you are adding other income I am just checking income from operations so may be that.
- Girish Amesara:** When I am comparing I will always compare with total revenue. I will not compare it with operating revenue.
- Prakash Kapadia:** Understood and on the last question on the capex side if you could give some idea what has been the capex trend in 2023?
- Girish Amesara:** The capex expenditure that we have incurred is in line with the implementation strategy that we had implemented and it is also driven by the regulator.
- Nehal Vora:** I will just take that question. I think it is driven more with the new age regulatory reforms which we are bringing into place whether it is basically the authorization happens at the depository and directly with a customer and also bringing in sync with new hardware, servers and the new tech infrastructure. As our volumes are growing it has to kind of be in sync with that the new age technology and also as our people are growing we need more space so this is the two broad areas in which we are going to be spending money.
- Prakash Kapadia:** If you could quantify that amount what we have spent in 2023?
- Girish Amesara:** I will come back on that during the call.
- Prakash Kapadia:** Sure. I will join back if I have more questions. Thank you.
- Moderator:** Thank you. Our next question comes from the line of Swarnabh Mukherjee from B&K Securities. Please go ahead.
- Swarnabh Mukherjee:** Thank you for the opportunity so three to four questions from my side? Firstly on the employee expense the discussion just happened so wanted to understand that this bonus cost that you have mentioned which is roundabout a third of the fixed cost so is this prorated or provisioned over the years, over the four quarters or will it come disproportionately in the Q1 because I think last year Q1 also there seems to be a bump in the employee expense so that is the first question? Secondly I wanted to understand so in the KYC business what proportion of it will be coming from the demat account opening and what proportion will be coming from say KYC for other financial products? Thirdly if I were to understand if I have to mix some color on how would be the number of folios that you have say at the end of FY2023 on an average of over FY2023 vis-à-vis what it was over 2022 in the demat accounts just to have

an understanding of how the annual issuance charges could move not looking for a forward looking statement but since the year is over you must already be having the details about number of folios that you have so some ballpark number about the growth will also be good that is the third question and tech expenses spend are we kind of reaching the peak or should we see kind of continue to increase here also? So these are the four questions.

Nehal Vora:

I will answer the first and fourth question first. On the employee cost last year, it was done in one quarter for additional bonus which the Board had recommended. This year it is each quarter wise it has been pro-rated so that is how it is done. On the tech cost it is a constant because we are in the business of providing infrastructure and technology is the key driving force and the key differentiator and technology is something which needs to continuously evolve as we move forward so based on that, this will be a process which we will continuously kind of assess and see as and when it is required we will be putting it in place. There is an entire structure in place before we kind of go into play but there will be a continuous focus on ensuring that our technology is really up to speed with the latest so that the ease of doing business as well as basically the efficiencies of business continue to remain with CDSL. The second question on the KYC I do not think we give that details between the mutual fund folios as well as that because it is kind of a consolidated number and a kind of difficult because there could be a single investor doing both in terms of direct equity and mutual funds. As regards the folio I will ask the CFO what has been the increase over the last year as compared to this year. It is part of the presentation but I think he will just pull it out.

Girish Amesara:

The number of folio previous year it was Rs.7.68 Crores and this year it is Rs.13.22 Crores. I am saying 2021-22 compared to 2022-23.

Swarnabh Mukherjee:

Sir this growth is it safe to understand that if I only were to look at the listed corporates this growth would be fairly similar what we have seen vis-à-vis 2020?

Nehal Vora:

No this is kind of a combination of both listed as well as unlisted space so this will continue to embark upon as we move forward. The listed space on new kind of investors and yes unlisted space the companies are coming into the folio.

Swarnabh Mukherjee:

But in terms of overall say number of folios in the listed space dominate the number of folios in the listed part of the company because I think the number of shareholders seem to be limited there?

Nehal Vora:

Folios obviously would dominate in a listed space because the number of investors by its very definition has to be more than 200. In unlisted it is lower than 200 investors so obviously by that very definition the domination would be in the listed space.

Swarnabh Mukherjee: Sure Sir so just again a quick followup on the KYC numbers I understand that you do not give a broad detail but would it be fair to some kind of ballpark say 80% or 90% coming from the demat so that we can understand?

Nehal Vora: It will be kind of difficult to assess because there are a lot of common ones which could be across both the asset classes so it will be difficult to come to a ballpark number on that.

Sunil Alvares: See what happens is when somebody fetches a KYC record, the KRA maintains a tag of that intermediary. That intermediary maybe opening and fetching the KYC record for a demat account or for a broking account or for some mutual fund investment. We only have a tag of the intermediary, so it is very difficult for us to figure out for what particular purpose the KYC has been fetched.

Swarnabh Mukherjee: Got it Sir very helpful. Thank you so much Sir and all the best.

Moderator: Thank you. Our next question comes from the line of Senthil Kumar from Joindre Capital Services Limited. Please go ahead.

Senthil Kumar: Good afternoon. I could see capital work in progress of Rs.173 Crores can you please elaborate on that what kind of investment?

Nehal Vora: I will ask the CFO to answer that.

Girish Amesara: So last year we have purchased two floors at the Marathon Futurex building that represents the capital work in progress.

Senthil Kumar: The whole Rs.173 Crores am I right?

Girish Amesara: Yes.

Senthil Kumar: My second question is on insurance respository compared to the last year even though in the last year in the concall the management said like we are in the early stage of implementation so any strategies to improve again market share in that?

Nehal Vora: Yes so there is a move towards, we have already recruited a professional MD and CEO. He is the process of joining and there will be a management team which will get created but however the regulatory changes are also at the cusp of change. It is yet on a voluntary basis. It has yet not been converted into a mandatory basis but there is definitely a value proposition both from an investor as well as from an insurance company point of view so as the market evolves and matures they will understand the key there will be benefits to it and that will

move towards that. Also the regulator is also looking at it very closely and it is going to come out with the necessary policy formulations as soon as they feel it is required.

Senthil Kumar: Any timeline for that when can we expect?

Nehal Vora: I cannot predict how that regulator will come out with a policy formulation so we are in constant touch whatever inputs they need we are giving them but that is up to them to finalize when they will come out.

Senthil Kumar: Thank you Sir. That is it from my side.

Moderator: Thank you. Our next question comes from the line of Karthik Chellappa from Indus Capital Advisors (HK) Limited. Please go ahead.

Karthik Chellappa: Thank you very much for the opportunity Sir. I have three questions. The first one is despite the strong growth in our depository accounts the revenue growth still seems to be challenged especially on the transaction charges side, apart from lower retail participation which you alluded to at the beginning of the call. Are there any other factors at play which is impacting revenue growth?

Nehal Vora: Yes it is basically the delivery volumes of the exchanges which drives the market base in transaction and over the last financial year there has been a reduction at about 33% of the delivery based volumes on the exchanges and that kind of explains the reduced charges or the revenue for the depository because it is only when it culminates into a delivery that is when the charges are paid to us as a depository.

Karthik Chellappa: Got it so apart from that there is really no rate reduction or any sort of competitive pressures which are at play which is causing this it is just purely volume driven?

Nehal Vora: Yes it is purely volume driven exactly.

Karthik Chellappa: Second question is on the technology spends which you alluded to where you are saying continuously you need to assess the volume and the requirement and enhance the spends if we were to bifurcate the spends between those which are directly related to higher volumes versus a different kind of technology what would that split be if you were to do that for your total expense?

Nehal Vora: We have already created that framework which makes the infrastructure really scalable and it is done with the exponential growth which we have seen in the number of demat accounts over the last two to three years so from that spend, the spend is more or less done but however

there is a constant assessment done in bringing in value proposition on how basically the transactions are getting really processed so that there is a throughput time comes down it can handle scale, so there is a complex web of various kind of technological basically inputs which are put into play which kind of really assess that where we need to spend on the application side, on the hardware side depending so that basically the stakeholders will continue to enjoy ease of doing business and a value proposition with CDSL.

Karthik Chellappa: To ask it in a different way if I just look at the Q4 number of about Rs.10 Crores to Rs.11 Crores of computer related opex would annualize that be more or less in line with let us say what you are thinking subject to volume changes?

Nehal Vora: Future it will be difficult for me to predict that but I can assure you that there is a very robust process which is done in terms of what is absolutely essential, is getting spent and there is a framework as a company we do not give future kind of guidance so I will have to kind of not be able to answer that question.

Karthik Chellappa: Got it. The last question Sir you mentioned that you have now reached about 83 million accounts out of let us say about 113 million which implies a market share of somewhere close to 72% to 73% which means on an incremental market share basis it is even higher would it be fair to say that with growth more or less moderating or normalizing the market shares have more or less peaked for you?

Nehal Vora: Difficult to again say about the future because three years ago we were at 46% and at that time also somebody could have said that this is kind of an optimum level at which both if the market will function but there has been a surge which has happened so again market is basically a dynamic place difficult to really predict whether you have reached or not. My intent is and I think overall the ecosystem is about 6% to 7% of the population is only yet in the securities market so the market at large has a huge potential to grow. Whether that growth happens in the next one year, two years, three years, five years or 10 years that is for something which we will have to see, but there is a potential and I am not looking at what is the current trend it is more of the potential which is yet not come into the market. India has a young population and we are adding youngsters and large middle class into a population every year there is a huge potential which is there.

Karthik Chellappa: One just follow-up Sir based on the response that you gave if you were to look at unique accounts at a household level what will it be on a household penetration level?

Nehal Vora: That again will be a little difficult to answer because people sometimes have more than one account also which is permissible under the law and sometimes they are in basically they are

in joint holder with the family member so again each household is depending on how many people are there also, so it is difficult to really assess how much will be the penetration from a household level but I can say that today CDSL is about 98% of the pin codes of the country where the demat accounts is there so there is a fairly comprehensive spread in where the CDSL demat accounts are there.

Karthik Chellappa: Got it. That is all from my side Sir. Wish you and the team all the very best.

Moderator: Thank you. Our next question comes from the line of Prithvish Uppal from AMSEC. Please go ahead.

Prithvish Uppal: Thank you for taking my question. Sir first question I had was just a followup on the transaction income that we report so again for this quarter we have seen that for demat account realization has it was roughly averaging close to about Rs.24 and it has gone down substantially so I understand one reason you mentioned is the fact that there have been lower retail market participation but despite a higher increment in terms especially in this quarter in incremental demat accounts so is it fair to assess that the amount of per demat account transaction has also reduced substantially and do we expect this kind of dip the number to sort of the kind of new normal because last two years the per account number of transactions would have obviously peaked for us so have you seen that this has come back to sort of pre-COVID levels that would be my first question? Second question is in terms of the uses of cash so apart from the investments that we make and the dividend that we have been declaring any other cash uses that you see in terms of from a growth perspective any color on that you could give and third this has been talked about on previous calls which is the pricing on issuer charges from Rs.11 so any discussion from the regulator where this is how the conversation is? These are my three questions.

Nehal Vora: On the first one it is not only as I said in my reply to an earlier question is the delivery based volume. If you see the delivery based volumes have seen a reduction of about 33% over the last year and that is really the key reason. Whether we have reached a peak or not is very difficult to assess because it is the market function and it is very difficult to predict volumes in the coming years and therefore the important thing is to create the right toolkits and right value proposition so that it is there to support any volumes as we move forward. Would you repeat your second question?

Prithvish Uppal: It was to do with the operating cash flow that we are generating.

Nehal Vora: We are infrastructure company so the strength of the balance sheet becomes very critical as more and more assets and more and more demat accounts are added to your fold it kind of

gives that comfort factor. There are areas of growth both in the securities markets and in the other markets where we have our subsidiaries and there is a constant endeavor as India embarks upon its journey of digitization. More and more products and platforms are going to come into the core which will require that kind of investment both in terms of system, technology and people to ensure that we are kind of specifically in sync with what the reforms are implemented. Also we have just added the account aggregator model where we have gone live as a financial information provider and that is a new line of business which CDSL has recently started and it is the first depository to go live. Second, the other sectors like the commodities repository and the insurance sector, where we shall continuously need to assess as we move forward and third, we have a consistent dividend payout which has been consistent over the years, at about 60% of the net profit which gets paid as dividend.

- Prithvish Uppal:** Sir just on the last question about the pricing?
- Nehal Vora:** That will be difficult to comment because normally we do not disclose the SEBI conversations it is kind of confidential but that is the kind of process which we will follow and as and when in whichever form it gets approved that will get promptly communicated to the market.
- Prithvish Uppal:** This is a data keeping question. You mentioned the folio number to an earlier participant so I just missed the number so if you could just repeat that please?
- Nehal Vora:** It is part of the presentation which is uploaded on our website it will become easier. We can repeat it but I think it will be easier for you to just look at that.
- Girish Amesara:** In FY202122 we had a folio count of 7.68 Crores and for FY202223 we had count of 13.72 Crores.
- Prithvish Uppal:** Thank you Sir. That is it from my side. All the best.
- Moderator:** Thank you. Our next question comes from the line of Parimal Mithani from Credential Investments. Please go ahead.
- Parimal Mithani:** Sir I just wanted to know recently you came out and you mentioned in your previous statement about the account aggregator model can you explain to me in detail how do you plan to go ahead and does it benefit CDSL?
- Nehal Vora:** So the account aggregator model is where basically the information flow from various sectors be it banking, insurance, securities market can be accessed based on client consent and given to an information user who can curate the data and give it to him in a structured format and

there are various components which are expected to be added to it be it basically the income tax, GST, etc., so it is a common information flow framework which is client consent based and that is where we are part of the larger ecosystem.

Parimal Mithani: Does this data monetizable or how does it help us?

Nehal Vora: It is kind of really early days as to how the commercials will get factored in but there will be some amount of commercials which will come in at some stage.

Parimal Mithani: Thank you.

Moderator: Thank you. Our next question comes from the line of Vivek Sethia from HDFC Securities. Please go ahead.

Vivek Sethia: Thanks for the opportunity so in our last call you had mentioned some numbers about CDSL Ventures, their financials, the creation and fetches so if you could just help me with those numbers for Q4?

Girish Amesara: Total annual issuer income that we have achieved during the financial year is Rs.183 Crores as against previous year income of Rs.115 Crores. In case, of CVL we have achieved the operating income of Rs.87 Crores during this financial year as compared to Rs.120 Crores of previous financial year.

Vivek Sethia: The profitability?

Girish Amesara: We have put all the numbers on the presentation also.

Vivek Sethia: The presentation I do not think there are these number in the presentation neither creation nor fetches I have been looking at the presentation.

Nehal Vora: In terms of presentation we have creation and fetch normally we just give us a broad trend finally it has to culminate into revenue and that is more critical so from again our financial disclosure point of view we are more focused on how it culminates into basically the revenue so I think that would be a fair reply to your question.

Vivek Sethia: So the other components of other income like e-cas, e-voting if you could give a broad number of those?

Girish Amesara: I will still repeat. You want on quarterly basis or you want the full year?

- Vivek Sethia:** Anything would do.
- Girish Amesara:** So on a quarterly basis we have closed transaction charge at Rs.33 Crores, online data charge which is CVL income at Rs.22 Crores, IPO & corporate action at Rs.7 Crores, annual issuer income at Rs.47 Crores, eCAS and e-voting put together at Rs.9 Crores, this constitute almost 96% of our total operating revenue.
- Vivek Sethia:** The pledge income?
- Nehal Vora:** I do not think we gave that pledge income separately right it is part of the transaction income.
- Vivek Sethia:** Just wanted to understand about your outlook like going forward are we completely dependent on growth in the retail participation or like how are we planning to grow our business and will it be purely volume driven going forward or are we looking into other avenues as well so what is the outlook like?
- Nehal Vora:** Again future outlook we do not give as a policy.
- Vivek Sethia:** No in terms of numbers but the strategy?
- Nehal Vora:** It is important that we are going to continue to invest in technology because the entire digital journey is something which is going to grow as we move forward and CDSL is going to be at the forefront of that journey both from the ease of doing business, from a investor protection point of view, making investors self sufficient so giving more to the investors to take decisions themselves that is going to be our cornerstone of our entire focus. Obviously, we will be kind of part of the market infrastructure institutional framework which SEBI has prescribed so that is something which will continue to really embark upon and as more and more new policies, products and platforms get permitted by SEBI, CDSL would be as a part of that framework.
- Vivek Sethia:** Thank you so much.
- Moderator:** Thank you. Our next question comes from the line of Sanketh Godha from Avendus Spark. Please go ahead.
- Sanketh Godha:** Thank you for the opportunity. Sir just two data points if you can give the full provisioning cost in the current quarter and second just wanted to understand that the corporate action income is seasonally weak in Q4 is that a fair assumption to make Sir?

Nehal Vora: So I will answer the second question first and I will ask the first question to be answered by the CFO. Normally the AGMs technically occur in the Q2 and Q3 means if it gets extended otherwise it the Q1 and Q2 so it is kind of connected with the AGM so it is a kind of a broad trend that you see major incomes happening in Q1 and Q2 and when it gets extended like it has been done in the past two years to the Q3 also. I will request Girish to answer the first question.

Girish Amesara: In terms of debtor provision there is a reversal of Rs.2.4 Crores.

Sanketh Godha: Two questions with respect to the business just a KYC for insurance company especially the general insurance company was made mandatory from January 2023 and just wanted to understand that this revenue is somehow flowing to our insurance repository business if we are doing the KYC for the insurance company or is it done through CKYC predominantly and therefore we are not accreting any revenue with respect to KYC on insurance which has been made mandatory from 2023?

Nehal Vora: There was a draft circular which was proposing to make it mandatory. It has not converted itself into a final circular so it yet remains in a draft stage so as of now it is not mandatory, it is optional.

Sanketh Godha: Conversion into a demat format is voluntary yet but KYC has been made mandatory from January 1, 2023 so just wondering if the KYC income flow is somehow getting reflected in our insurance repository income or not?

Ramkumar K: Sir this KYC that you are talking about is for the creation of the policy for the existing policy which is handled by the insurance company themselves because bulk of the policies are stored in the physical format so this does not come to the depository base in terms of our group company CVL for the reason that is the share of CVL because it is in the physical form so this KYC is done by the insurance company's internally.

Sanketh Godha: You mean to say that when the depository or demat format becomes a reality compulsory and not voluntary you have two revenue sources one is KYC income probably and second is the charges with respect to the repository income right?

Nehal Vora: That is normally how this business works so there is both sides business which is potentially expected to flow but it depends as and when it is made mandatory.

Sanketh Godha: Got it and Sir the last one from my side is that this account aggregator SIP what are the charges we are going to charge for SIP as an information provider and finally do we want to

get into TSP that is technology service provider or we just wanted to remain high providing financial information to the guys who ask for it?

Nehal Vora: So the commercials as I said earlier, it is early days it is yet not yet finalized it is in the process of first really establishing the framework and then the commercials will kind of follow so that is for us to wait and watch in the future. CDSL will continuously assess which part of the account aggregator model. The SIP was mandated by the regulator and we are kind of the first depository which has done it, whether we are part of the account aggregator model and the FRU that the financial information user model is something which we will have to really assess as the system really grows and matures.

Sanketh Godha: Perfect. Thanks for answering my question.

Moderator: Thank you. Our next question comes from the line of Sujal Hazare an Individual Investor. Please go ahead.

Sujal Hazare: Good afternoon Sir. My first question was that the IRDAI mandated the dematerialization of new insurance policy I guess that you have answered in previous questions so that is not an issue. I am a naïve investor so I just wanted to ask you what are the key revenue drivers in your company of CDSL?

Nehal Vora: Basically there are three principal revenue drivers one will be for demat accounts that transaction revenue so every debit is charged by the depositories so that is a revenue charge. Second is the companies which are dematerialized or whose shares are dematerialized pay us an annual fee that is the second charge and the third is know your customer, there is a repository in which our subsidiary CDSL Ventures is there so that is the third source that for every creation of know your customer or a fetch by anybody in the system is a charge with CVL again so these are the three principal charges besides that for the annual general meetings we conducted through online mode so we charge companies for that the value add service. There is e-voting platform which we have so that is the other area where we charge so these are principally the broad areas of revenue for CVL.

Sujal Hazare: Which is the most revenue gaining of all of this which you stated?

Nehal Vora: I would recommend there is a fairly easy to comprehend presentation on our website. It will give you not only what is the comparison how has the growth been over the years. It is a fairly pictorially represented presentation. It will be easy for you to understand. For any follow-on questions feel free to e-mail us we will give you a reply.

Sujal Hazare: Thank you Sir. That is all from my side.

Moderator: Thank you. Our next question comes from the line of Prakash Kapadia from Anived Portfolio Managers Private Limited. Please go ahead.

Prakash Kapadia: Yes if that capex figure is available I just wanted to know that?

Girish Amesara -: On a consolidated basis we have capitalized Rs.35 Crores capital expenditure, and on a standalone basis we have capitalized Rs.22.5 Crores.

Prakash Kapadia: Thanks Girish.

Moderator: Thank you. Our next question comes from the line of Vinutha Sugur from Infosys. Please go ahead. Since there was no response we move on to our next question which is from the line of Rajesh Gajra from Informist. Please go ahead.

Rajesh Gajra: My question is with regard to the Q4 transaction charges trend in that, you mentioned that it is based on capex that take place and it is linked to the delivery volume obviously so I wanted to understand two things from this one is key what was the trend in the delivery volume in Q4 versus the year ago quarter and secondly I wanted to understand if the per debit charges that are applied is it based on the value of the trade which is where the debit is taking place or is it based on per debit that is going on a fixed charge or is it based on the number of shares that are getting debited so just wanted a clear understanding of this? Thank you.

Nehal Vora: So the response to your question is, there is a 31% reduction in the year-on-year delivery volume across exchanges over the previous financial year and as compared to this financial year so that gives you an overall trend that why there has been a lower transaction revenue. The second question is that we charge on our per debit basis; however, it is basically a slab wise approach so a person who is a frequent user of the system has to pay a per debit lower charge as compared to infrequent user of our system so it ranges from Rs.5.50 per debit to Rs.4.25 per debit depending on the number of transactions which you are doing. It is not linked to the number of shares or the value of the number of shares it is per debit instruction where the charges are done.

Rajesh Gajra: Thank you very much.

Moderator: Thank you. Our next question comes from the line of Sanketh Godha from Avendus Spark. Please go ahead.

Sanketh Godha: Thanks for the opportunity again. Sir in the past you have disclosed the annual issuer charges broken down into listed and unlisted and similarly you used to give the pledge mortgage income or pledge income in the transaction side it will be great if you can share this time too?



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- Nehal Vora:** The first one we never used to do it listed and unlisted I think pledge is what the CFO tells me that they do disclose.
- Girish Amesara:** In this quarter we have made an income of Rs.3 Crores.
- Sanketh Godha:** Perfect. Thank you.
- Moderator:** Thank you. As there are no further questions, I would now like to hand the conference over to Mr. Nehal Vora for closing comments.
- Nehal Vora:** I would like to thank you for all your questions and continue to remain safe and secure. Take care. Thank you.
- Moderator:** Thank you. On behalf of Axis Capital Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.