

CDSL/CS/NSE/RG/2024/197

August 09, 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 August 05, 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 July 26, 2024, for scheduling of Conference Call on August 05, 2024, 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
Q1 FY '25 Earnings Conference Call”

August 05, 2024



Management: **Mr. Nehal Vora, Managing Director and CEO,
Central Depository Services (India) Limited
Mr. Girish Amesara, Chief Financial Officer, Central
Depository Services (India) Limited
Mr. Sunil Alvares, Managing Director and CEO,
CDSL Ventures Limited
Mr. Latesh Shetty, Managing Director and CEO,
CDSL Insurance Repository Limited
Mr. Pitambar Chowdhury, Managing Director and
CEO, CDSL Commodity Repository Limited
Mr. Swaroopkumar Gothi, Financial Controller,
Central Depository Services (India) Limited**

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

Moderator: Ladies and gentlemen, good day and welcome to the CDSL Q1 FY '25 Earnings Conference Call hosted by HDFC Securities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

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

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

Amit Chandra: Yes. Thank you, operator. So good afternoon, everyone. On behalf of HDFC Securities, we welcome you all to the CDSL Q1 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'll start with a brief overview of the quarter by Mr. Nehal Vora, and then we will open up the floor for questions. Thank you, and over to you, sir.

Nehal Vora: Thank you, Amit. A very good afternoon, and welcome to everyone. I hope each of you and your loved ones are safe and healthy. Thank you for joining us today to discuss CDSL's financial results for the first quarter of the new financial year FY '24-'25. We have posted a detailed investor presentation on our website for your reference. I'm joined by the CDSL Group's leadership team, including the MDs of the subsidiaries.

So let me start with the industry highlights. During the first quarter '24-'25, the Indian capital markets reached a significant milestone with our total market capitalization surpassing USD5 trillion. The average daily turnover surged by more than 110% quarter-on-quarter and reached about INR131,000 crores, compared to INR62,500 crores in the same quarter last year.

The overall activity in the Indian securities market saw a notable increase compared to the previous quarter. This quarter, India further strengthened its retail participation in the capital markets. The total number of demat accounts in India, surpassed 16 crores in June 2024 with over 77% opened with CDSL.

As on June 30, '24, CDSL had 12.5 crores registered accounts compared to 8.8 crores in the June quarter last year, marking a 42% increase. We have leveraged growth of technology and extensive presence, especially in Tier 3 and Tier 4 cities to achieve this growth. Further enhancing value to the shareholders and to mark the celebration of CDSL's 25th anniversary, the Board during its meeting on July 02nd, 2024 approved and recommended the issuance of bonus shares in the ratio of 1:1, subject to shareholders' approval.

While the CFO will cover the financial performance, I want to highlight that CDSL's performance, result and culmination of the market dynamics and underscores our role as a trusted custodian of investor wealth.

The presence of our services and ease of business due to quicker settlements and services and other services like eAGM, eDIS, the margin pledge system, e-voting, online account opening, etc., has had an important impact on the growth. As we celebrate our 25 years of operations, our focus remains on enhancing the capital market ecosystem by enhancing efficiency, trust and maybe transparency.

We prioritize and focus on the Atmanirbhar investor, a lot of videos you would have seen on our social, by striving for innovation and leading to consistent and sustainable financial and business performance.

Before I hand it over to the CFO, I'd just like to say that the growth of the Indian securities market is an extremely encouraging step in India's potential. I also want to place our appreciation and gratitude to all our stakeholders, regulators, depository participants, investors, issuers and all other market participants and employees for the constant faith in us.

With this, I will hand it over to the CFO for the financial performance. So over to you, Girish.

Girish Amesara:

Thank you, Nehal. Good afternoon to everyone. Speaking of the quarterly performance on a consolidated basis, the total income for the quarter ended June 2024 has increased by 65% to INR287 crores as against INR174 crores for the same quarter during the previous year. Net profit for the quarter ended June 2024 has increased by 82% to INR134 crores as against INR74 crores for the same quarter during the previous year.

On a standalone basis, total income for the quarter ended June 2024 has increased by 30% to INR221 crores as against INR170 crores for the same quarter during the previous year. The net profit for the quarter ended June 2024 has increased by 14% to INR105 crores as against INR92 crores for the same quarter during the previous year.

Now I'll hand it over to Sunil. Thank you. Over to you, Sunil.

Sunil Alvares:

Thanks, Girish. So as far as CVL is concerned, we had a decent quarter for the June quarter ending 2024. The total income was up 109 % to INR64 crores from INR32 crores in the same period of 2023. With regard to the total expenses, the total expenses increased by 62% to INR26 crores from INR16 crores for the quarter ending June 2023.

The profit before tax was up by 141% to INR37 crores for the quarter ending June 2024 as compared to the profit before tax of INR15.63 crores for the quarter ending June 2023. The profit after tax increased by 140% to INR 28.55 crores as compared to INR11.90 crores for the quarter ending June 2023.

With this, I would like to open the floor for the questions and answers. Thank you.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question comes from the line of Supratim Datta from AMBIT Capital. Please go ahead.

Supratim Datta: My first question is on the cost side. Just wanted to understand what is driving the technology cost growth? It has been fairly steep Y-o-Y, it's gone up, it's nearly doubled. So just wanted to understand what the key building blocks are here?

Two is in the second half of this year, the compulsory dematerialization of private company shares, that is supposed to kick in. Now just wanted to understand what sense of the market you have at this point because now it's more like 3 months out. So just wanted to understand, do you have a sense of the market? Have you made any investments already on this front? Or would you make the investments be it on the technology side once this opportunity starts to come through? That's the second question.

And lastly, on the KRA business, the business has grown fairly strongly. Just wanted to understand what would be the split of the business that you received from brokers versus mutual funds within this KRA segment. If you could give us some sense of where the revenue is coming from, that would be very helpful?

Nehal Vora: So yes. The first point, we are like an infrastructure company. Technology and human resources are two building blocks for building this infrastructure. And technology doesn't build fast enough. We need to plan it well. And as the growth happens, we need to plan for our hardware application security and all components of technology.

This is more of a proactive investment, which will continue to happen to ensure that we continue to have the best type of technology platforms for the market, which are best-in-class in terms of the leading practices and technology, as you know, evolves also a lot. So, we need to ensure that best-in-class products are used on all our platforms.

On the second question, as I said earlier, it's compulsory not for all private limited companies, there are certain conditions under which it will be made compulsory, there are certain thresholds for sales and share capital. And only those companies will be required to be dematerialized if they transfer the shares or they raise any share capital. So, it's not, it will have to be seen how it pans out. And however, we have built our resources, both from the technology and human resource standpoint to ensure that we are able to process the load which will come in, and we are fully prepared for it. For the third question, I'll ask Sunil to answer.

Sunil Alvares: The same question was clarified earlier also. As a KRA, I do not clearly know the split between the mutual fund and the brokers because today, currently, most of the mutual fund transactions are happening on the exchange platform for which a demat and broking account is first opened, after which mutual fund purchases get credited into the investor's account. I hope that answers your question.

Supratim Datta: Just one follow-up on the technology question. I understand your point that you will continue to invest in the side of the business. I just wanted to understand that from the Q1 piece, should we see further acceleration over the next few quarters? Or this is the run rate that you plan for the coming quarters as well?

Nehal Vora: We don't give any forward-looking statements, but the overall ethos is to build a robust, resilient platform. And whatever it takes, we will have to continue to build in terms of costs. But I will

not be able to comment specifically whether the same run rate will continue or not because we don't give any forward-looking statements.

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

Amit Chandra: My first question is on the transaction charges. So obviously we had the impact of the rate cut that we had. So, I just wanted to clarify whether we had the full quarter impact in the first quarter? Or there is a spillover in quarter 2 as well?

And also, in terms of the revenue from others, which excludes the online data, IPO corporate action, transaction and issuer, there is a significant jump. So, if you can clarify, is there any revenue from insurance also that we have booked in that? And how do you see the insurance opportunity coming up?

Nehal Vora: Yes. On the first question, Amit, 1st June is when the transaction charges or reduction has come into play. So, it has not had the full quarter, it's one month of the quarter, which has ended. On the second one, I'll ask the CFO, Girish, to answer on the IPO and other revenue stream, and I'll ask Latesh Shetty who is the CEO of the Insurance Repository to answer on the insurance opportunity.

Girish Amesara: So, Amit, annual issuer charge is solely pertaining to the CDSL, and not have any component of CIRL. Your next question was in terms of IPO corporate action, right?

Amit Chandra: No, no, sir, I was asking the revenue excluding all these...

Girish Amesara: Other income is largely consisting of investment income, e-voting charges, CAS charges. These are the main three heads under the other income.

Amit Chandra: Okay. The other income has increased to INR26 crores. If I exclude the interest income, from INR20 crores to INR26 crores, that has seen a jump...

Girish Amesara: Largely, it is contributed by CAS and followed by e-voting, eCAS is statement income.

Amit Chandra: Okay. So, if you can quantify the eCAS and the e-voting in this quarter because we have been giving that?

Girish Amesara: So in terms of eCAS statement income, we have recorded an income of INR11 crores in this quarter. And in terms of e-voting, we have recorded an income of INR5.6 crores in this quarter.

Amit Chandra: Okay. And so, in terms of the technology cost, you mentioned that, obviously, it is being done for the robust system. But post the cyber-attack that we had, there has been a significant jump in the technology cost. So just want to understand is this the compulsory investment that we're making? Or is this based on the regulatory guidelines or based on the growth that we're having invested upfront? Or is it a compulsory investment that has to be done? And how do you see that maybe till how long will this kind of elevated investments will be required?

Nehal Vora: So, the malware, which was found by our own systems, which was detected and switched off had happened way back in November '22. So, it's been about 1.5 years, nearly 2 years. So, I don't think that has anything to do. This has got to do with ensuring that the platform becomes more in-tuned with the latest technology products. We want to give the best kind of offerings to the market participants and to the investors.

Also, as the volumes grow, we need to plan for our capacity etc. And the requisite applications have to be upgraded. So, this is really the roadmap to ensure that CDSL as a depository is able to cater to the requiring demands of the market. At the same time giving the best kind of offerings to the securities market so that people can continue to have that ease as they move forward.

Amit Chandra: Okay sir. Thank you. I will be back in the queue.

Moderator: Thank you. The next question is from the line of Mohit from Tara Capital. Please go ahead.

Mohit: Congratulations for a good set of numbers. My first question is on the employee cost. So, I think we were to have some salary increments in this quarter as we had mentioned in the previous earnings call. So, I just want to understand what explains the sequential dip in employee cost?

Nehal Vora: I'm sorry, could you repeat that last sentence? I couldn't hear that.

Mohit: I was saying the employee cost has seen a dip sequentially. I think the impact of increments were to come in this quarter as mentioned in the previous earnings call, so I was saying what explains the sequential drop in employee cost?

Nehal Vora: Sequential drop in employee cost. I don't think there has been any drop in the employee cost. It is part of variable pay and the increments get factored in after going through the appraisal process and that gets factored in.

Mohit: Previous quarter was INR276 crores and this quarter it was INR267 crores. So that's the reason I saw a dip, so that's the reason for the question?

Girish Amesara: To give the perspective normally we consider the increments and promotion cost in the first quarter of the new financial year. Now what happens is that whatever excess or whatever adjustment needs to be made is done in the month of March at the time of closing the financial statement. So, it might happen in some quarters that the March and the June quarter are quite similar.

Mohit: Okay, got it. And for the quarter what was the regulatory charge? I think that we shared, you do share that regulatory charges for the quarter if you can share?

Nehal Vora: Yes, I can ask.

Girish Amesara: It is at INR11 crores. Also, we are giving detailed breakup of all the expense and income heads in the investor PPT.

Mohit: Okay. Thank you so much. That's it.

Moderator: Thank you. The next question is from the line of Madhukar Ladha from Nuvama Wealth Management. Please go ahead.

Madhukar Ladha: Congratulations on a good set of numbers. Quick one question. From October the SEBI circular on True to Label will also come into effect. So how are you planning to approach that? I believe you'll probably have to revise your charges, transaction charges, especially as a result of that. So, I wanted to understand how that will work?

Second, also wanted to understand how real-time settlement really impacts transaction charges? has there been any thought process around that or any developments around that? So, these two would be my questions?

Nehal Vora: Sure. So, on the first question, it is work in progress. We are working out. It will have to be approved by the Board and then sent to SEBI for its approval. The depository charges get approved by SEBI before it is done. That's work in process. You can see how that will factor in that, I will not be able to reveal too many details at this stage because it's a work in progress. As regards to your second question was I'm sorry, could you repeat your second question?

Madhukar Ladha: On the real-time settlement.

Nehal Vora: Yes, real-time settlement. So real-time settlement is yet some time away. I think that has nothing to do with the charges at this stage. I think charge is on debits which we charge irrespective of what is the frequency of basically the settlements, whether it's T plus 1, T plus 0. And anyway, instantaneous or T plus 0 is going to be on an optional basis, they are not on a compulsory basis as of now as prescribed by the regulator. So, I think the charges are going to be kind of identical whether it is to the T plus 0 or T plus 1 side. We had charged them on basically the debits which happen.

Madhukar Ladha: Got it sir. All the best.

Moderator: Thank you. The next question is from the line of Pratik Shah, who is an individual investor. Please go ahead.

Pratik Shah: Am I audible?

Moderator: Yes, sir. Mr. Pratik, you're audible. We have lost the connection of the current participant. We will move on to the next participant. The next question is from the line of Prayesh Jain from Motilal Oswal Financial Services. Please go ahead.

Prayesh Jain: Sir, firstly could you spell out the rationale for cutting the transaction charges?

Nehal Vora: So, the rationale of cutting the transaction charges is basically the economies of scale which has happened. And therefore, the intent was to pass on those economies of scale to directly the market at large. And you will be able to see a full quarter impact from the next quarter onwards. But even if you take on a pro rata basis on an average between June from where the reduction has happened on a simple average of three months, I don't think there has been any value-wise impact which in fact it has been a positive impact which has happened. The intent is that more

and more people would be encouraged to join the ecosystem and we are passing on some part of that economies of scale to the market.

Prayesh Jain: Just trying to get this again, but I'm extrapolating what you have done right now to the True to Label charges and I think this cut was announced after the True to Label charges announcement?

Nehal Vora: No, it was prior.

Prayesh Jain: Okay. So, do you think that you will be at the lower end of the transaction charges in the True to Label?

Nehal Vora: As I said, that is work in progress. I'm not able to state more of it till it goes through its process.

Prayesh Jain: Got that. And sir with respect to insurance repository how many companies are you engaged with today life insurance companies and health insurance companies?

Nehal Vora: I'll ask Latesh to answer. He is MD and CEO of Insurance Repository.

Latesh Shetty: Including life, health and general insurance companies we are signed up with 46 companies.

Prayesh Jain: 46 companies. And what would be the scale that we would have achieved today in terms of number of policies and the revenue?

Latesh Shetty: So, quarter ending June we have completed 1.4 million policies. Predominantly it is under life insurance.

Prayesh Jain: Okay. Any numbers on revenue for the quarter?

Latesh Shetty: Quarter ending I mean we don't give breakup of operational and total. The revenue we have achieved for the June quarter is INR99 lakhs.

Prayesh Jain: Okay, got it. Thank you so much.

Moderator: Thank you. The next question is from the line of Sanketh Godha who is an individual investor. Please go ahead.

Sanketh Godha: Sir, my just a simple question was that given we have taken a price cut in the transaction charges and the lower end of the slab is 3.25 which is effective from 1st June. So, if you can give you a ballpark indicative number, average realization for the quarter per debit instruction. So just wanted to understand how much the difference between lower end is and the average realization.

Nehal Vora: We don't give that breakup as part of earning, but you can take kind off the cuff by seeing what is basically the revenue is seen as a total culmination of all that, but we don't give breakup as per each slab wise.

Sanketh Godha: Okay. No because the reason being asked is very simple that given, we will have only one price going ahead from 1st October, so most likely management will decide closer to the average

realization or it will be closer at the lower end of the slab that's the reason I was trying to check the number, sir?

Nehal Vora: So, as I told you earlier this goes to multiple levels of approval or regulatory depository, SEBI also formally approves it as part of the operating instructions. So, it goes through the approval of the Board and then it goes to SEBI for its approval of the operating instructions. So, it will be difficult to kind of indicate. You will see as soon as the approval is got, we will be announcing it.

Sanketh Godha: Got it, sir. And some data keeping questions. Sir, if you typically give this data, impairment cost, income from unlisted companies, pledge income and number of KYC records.

Nehal Vora: So, we don't give a number of KYC records, but the other data, I will ask Girish.

Girish Amesara: In terms of unlisted company for the quarter is INR4.5 crores. And with respect to the impairment cost it is roughly around INR3 crores.

Sanketh Godha: And sir pledge income?

Girish Amesara: Pledge is around INR6.25 crores in this quarter.

Sanketh Godha: Okay. NSE came out with a circular that so many stocks are not eligible for pledge anymore. So, with that regulation just wanted to understand do we see any impact on this line item because -- or indicated the companies which have been withdrawn from pledge, do they materially contribute to our revenue in pledging income or not?

Nehal Vora: See I think we'll have to see how it goes. We don't give any future guidance. But principally if you see our charges are same whether it is a permitted stock or a non-permitted stock which has to be pledged and people generally want to use the noncash component which is allowed up to 50% of the total margin exposure to be used as noncash if we don't lose any interest on it.

So, I think whether it is x number of stocks or y number of stocks or within x certain part not permitting. I think the quantum should not typically be really impacted because people will substitute one stock for another stock to really pledge it.

Sanketh Godha: Got it. Perfect. That's it from my side. Thank you.

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

Amit Chandra: So, in terms of the annual issuer charges, obviously, in the first quarter results we see a jump, but if you can just give some more color in terms of how it has been driven in terms of number of folio growth? And also, in terms of how the mix has been in terms of slab based and folio based? And also, if you can give some color on in terms of the annual issuer charges how much is from MF folio units and how much is from stock folios?

Nehal Vora: So, Amit, we don't give these details out in the public domain. It is based on the SEBI circular.

- Amit Chandra:** Okay. In terms of the growth that we have been seeing over the last 2, 3 years, obviously it has been driven by the number of folios. So, if you can give the growth rate in terms of how the folios have grown over the years?
- Nehal Vora:** We don't give the number of folios, but overall, the trend is as a number of participants, demat accounts grow, people are going to own that many more stocks and therefore the folios...
- Amit Chandra:** And sir in terms of the transaction charges, obviously, we have taken a cut, but have you seen any similar kind of cut from the competition as well? And as you said that there is no impact in terms of value. So, is it fair to consider that lower transaction charges will attract some more volume for us?
- Nehal Vora:** So, there has not been any specific cut which we have seen. They had done some time ago. We had obviously very scientifically driven the process. So based on that we wanted to pass on the economies of scale to the market.
- Amit Chandra:** So are the charges pretty similar as of now or is there any kind of...
- Nehal Vora:** They are lower depending on which slab you are, but we have a lower slab for people who trade more on CDSL.
- Amit Chandra:** Okay. And sir, any other opportunity that you see from the recent announcement in terms of budgets, maybe in terms of land records and any other opportunity that you want us to know and what is exciting as a team CDSL, any other opportunity?
- Nehal Vora:** So, there are it always depends on how that budget proposals will pan out into actual action in what manner, what format, etc which way to go. So that is wait and watch at this stage. It will be difficult to predict at this stage. Anyway, we don't give any future but even then, on a policy front also it is difficult to really predict because we will have to wait and watch how that will pan out into actual actions.
- Amit Chandra:** Okay sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Viraj Mithani from Jupiter Financial. Please go ahead.
- Viraj Mithani:** Congratulations on outstanding numbers. Sir, my question is if you can give some color to the insurance repository in terms of growth prospect for the whole industry. And what kind of opportunity it could be for us?
- Nehal Vora:** Sure. I'll ask Latesh to answer.
- Latesh Shetty:** Currently, we do not give any future growth prospects. As of now, IRDA is yet to make the repository services mandatory to the insurers. So, we will wait for the decision from IRDA. And accordingly, as of now, the status quo remains, and we are optimistic that IRDA will take decision on the draft circular which came out in November last year.

- Viraj Mithani:** What would be the industry size for us, you can give I understand you can't give a forward-looking guidance, but if you can tell us the industry size and the rate of growth if the IRDA comes out with this circular?
- Latesh Shetty:** Currently, all IRs put together are not even 10% of the overall yearly annual policy. So, the IRDA annual published numbers of cash flow shows that it is just under INR2 crores. Probably that can give you some indication.
- Viraj Mithani:** Sorry, or it is just under your voice broke.
- Latesh Shetty:** The number of policies under Demat mode is just under INR2 crores. These are as per the IRDA numbers.
- Moderator:** Thank you. The next question is from the line of Dhaval Shah from Fort Capital. Please go ahead.
- Dhaval Shah:** Sir, regarding the technology charges, I understand you cannot make your prediction, but at least can you tell us as a percentage of revenue what we should expect? Because if I see there's been varying from 5.5% to 6% to now almost 10% in the last quarter, sir you can guide us in terms of percentage of revenue?
- Nehal Vora:** So that will be difficult to predict a percentage in the future. But if you go by the past trend, they have been ranging in around that range about 10% to 12%, but I think the important thing is from an intent point of view. We would like to ensure that the platforms of CDSL have the best-in-class technology. And whatever it takes to for us to ensure that. And that has been viewed also very positively by the market participants by more and more wanting to trade.
- So, I think it's like saying that like a road, we are building a road. Now the quality of your road is good, you would have more and more cars wanting to come on that road. Now why is building the road or maintaining the quality, you are not going to assess that if these many cars come, then only I will build a good quality road. My intent is to build a good quality road, and therefore, the intent is to build a good quality road without having a cognizance of how many cars are going to come on it.
- Similarly, our intent is to build world-class technology platforms and continue to ensure that and that has been viewed till now fortunately very positively by the market that more and more people are wanting to come in and participate.
- Dhaval Shah:** Sir, one more clarification that we are investing into hardware and software. So, we are not capitalizing this because of a conservative approach, or the accounting standard doesn't allow us to capitalize this cost?
- Nehal Vora:** No. We do capitalize assets which can be capitalized as per the Ind AS. What cannot be capitalized has to be taken as a revenue expense. Again, everything is driven by the Indian accounting standards.

- Moderator:** Thank you. The next question is from the line of Bhargav from Asian Market Securities. Please go ahead.
- Bhargav:** My question is on the IPO and corporate action charges. This grew by 170% year-on-year. Usually, Q1 has been the weakest quarter for this segment. I just want to know what led to this significant growth in the segment.
- Nehal Vora:** I'll ask Girish to answer.
- Girish Amesara:** The growth in IPO corporate action charges is largely related to the IPO that comes in the market. So higher number of IPO, higher number of revenues will be generated from this particular revenue stream.
- Bhargav Sangi:** May I know the split between IPO and the corporate action in the segment?
- Girish Amesara:** We are not maintaining that kind of a split. It is in one head of income.
- Bhargav Sangi:** Or if you can just give me a ballpark number like I guess IPO charges will be much lower than compared to the corporate action charges. Right?
- Girish Amesara:** Sorry?
- Bhargav Sangi:** The revenue, which is coming from the IPO, which I'm guessing will be much lower when we compare it with the corporate action charges revenue, right?
- Girish Amesara:** As I said, we do not internally track that kind of parameter between IPO and corporate action. So, for us, it is a one head of revenue because everything comes under the corporate action group whether it's IPO or a corporate action.
- Bhargav Sangi:** The reason why I'm asking is because if you see on a sequential basis the revenue is stable but if you see the history, Q1 will be the one of the weakest quarter over the year. So that's what I'm trying to understand.
- Girish Amesara:** For the market dynamics, the larger number of IPOs will have this kind of revenue. It is not only IPOs, but also the number of corporate actions. Again, that is driven by how much consolidation is happening, how many corporate actions other companies are wanting to do. So, it is completely driven by the market dynamics.
- Moderator:** Thank you. The next question is from the line of Parimal Mithani from Credential Investments. Please go ahead.
- Parimal Mithani:** So, I just wanted to know your update about the account aggregator. What is the status and where are we in that?
- Nehal Vora:** So we have been mandated to be a financial information provider, which we have been there for last many quarters. In fact, we are one of the first in the securities market ecosystem, we come in FIP and we continue as FIP.

- Parimal Mithani:** Sir, can you quantify the benefit in terms of market size and how we're going to benefit from this?
- Nehal Vora:** I'm sorry, your voice is not clear.
- Parimal Mithani:** Can you -- how would we benefit in terms of going ahead in the market size being the first mover advantage?
- Nehal Vora:** Market size is difficult to predict at this stage because how many people as many people want to access that information by giving a consent to a financial information user to reuse the information and data in the format which investor wants it. That will be difficult to predict at this stage, as it is at the inception at this stage. It is in the preliminary stages of the entire system. We have to wait and watch over the next few quarters to see how it really pans out.
- Parimal Mithani:** Okay sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Miraj from Arihant Capital. Please go ahead.
- Miraj:** Thank you for the opportunity, sir and congratulations on a good set of numbers. Just a couple of questions. I wanted to understand that has there been any discussion if we will be revising any other charges since we are going to revise the charges based on True to Label? Because for a long time, I think we were supposed to have some revision in the annual issuer charges as well. I know that you can't comment if there has been if they are going to or not going to, but I just wanted to know if there has been any discussion on that?
- Nehal Vora:** So, the True to Label is what is under consideration at this stage. And obviously, we'll have to wait and watch and see as to how the market reacts to it. But that's a continuous process of review. And the issuer charges as well as the transaction charges. And as and when the scale grows our intent is to encourage more and more people to join the securities market. And to the extent whatever role we can play.
- Miraj:** I think there's some disturbance. So, I was not able to hear you, sir. Could you please come again?
- Nehal Vora:** No, the point I was trying to make was that basically...
- Moderator:** Ladies and gentlemen, we have the management connection back on call.
- Nehal Vora:** Yes, so you can hear me now?
- Moderator:** Yes.
- Miraj:** Yes, sir.
- Nehal Vora:** Yes. So, the point is that the economies of scale are something which should be continuously assessed. And our intent is to get more and more people to join the securities market. And therefore, to the extent we can extend it over a periodic basis is going to be a continuous

assessment. Also, the cost of the platform including technology, employees, etc would be taken into consideration for any upward or downward for the division which is required.

So, on one hand you have the economies of scale. On the other hand, you have the cost to maintaining a platform on a good basis. It is a kind of a culmination of this which will lead to how much the charges should go down or go up.

Miraj: Okay. So, the cost that be there will also be considered as a factor in the charges?

Nehal Vora: Absolutely.

Miraj: Perfect. And just my final question that since our last discussion since the last concall has there been any other discussions on the T plus 0, T plus instant settlements with the government. Just wanted to understand the progress on that front.

Nehal Vora: T plus 0 has already been implemented on an optional basis, continues to remain on an option basis. And there has been continuous feedback from the market on what can be improved upon and that's a continuous process and once there is a significant time which goes and SEBI fees there is a need to move to barely instantaneous. They will think about that, but as of now T plus 0 and T plus 1 are both working.

Miraj: Sir T plus 0 is with all the depository participants or only selective?

Nehal Vora: No. See from a depository participant there are a few brokers which have done on basically beta phase. So, they can transact on those particles. There are fewer stocks and fewer brokers. And obviously, SEBI is kind of continuously assessing this. But from a depository standpoint, we have to make it available if any kind of investor within those brokers wants to opt for it. So, from our standpoint, depository standpoint, both the systems are on.

Miraj: Okay, thank you so much, sir. And all the best for the future.

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 wish everybody all the very best and thank you so much for your questions and thank you for all your compliments. It actually means a lot for us as a management team. Thank you.

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