



Central Depository Services (India) Limited

CDSL/CS/NSE/IB/2023/222

August 17, 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 August 10, 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 August 03, 2023, for scheduling of Conference Call on August 10, 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

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“Central Depository Services Limited
Q1 FY '24 Conference Call”
August 10, 2023



MANAGEMENT: **MR. NEHAL VORA – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – CENTRAL DEPOSITORY SERVICES (INDIA) LIMITED**
MR. GIRISH AMESARA – CHIEF FINANCIAL OFFICER – CENTRAL DEPOSITORY SERVICES (INDIA) LIMITED
MR. SUNIL ALVARES – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – CDSL VENTURES LIMITED

MODERATOR: **MR. AMIT CHANDRA – HDFC SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to the CDSL Q1 FY '24 Conference Call hosted by HDFC Securities. As a reminder, all participant lines will be on listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

Ladies and gentlemen, please note that CDSL does not provide specific revenue or earnings guidance. Anything said on this call, which reflects CDS'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: Thank you, operator. So good morning, everyone. On behalf of HDFC Securities, we welcome you all to the CDSL Quarter 1 FY '24 Earnings Call. We have with us today the management team of CDSL represented by Mr. Nehal Vora, MD and CEO; Mr. Girish Amesara, CFO; and other senior leaders. We will start with a brief on results from Mr. Nehal Vora, and then we'll start with the Q&A. Thank you, and over to you, sir.

Nehal Vora: Thank you so much, Amit, for that kind introduction. Good morning to everybody. I hope each of you and 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 '23 '24 call. We've posted a detailed presentation on our website for your reference. I'm joined by the CDSL Group leadership team.

Let me start with the industry highlights and then take you through some of the key aspects of our performance.

During the Q1 of FY '23, '24, the overall Indian capital markets demonstrated a healthy growth. The total market capitalization increased by 15% to about INR296 lakh crores as on June 30, 2023, compared to INR258 lakh crores as on March 31, 2023.

Furthermore, the daily turnover for Q1 of FY '24 witnessed an 11% increase when compared to the Q4 of FY '23. The quantity of shares delivered also displayed a quarter-on-quarter growth of about 10%. All these trends indicate a renewed confidence amongst the investors in the Indian capital markets.

The numbers also truly underscore the strengthening belief in the potential of our markets. These positive trends are also attributable to the recent industry advancements implemented. We believe that these new implementations will benefit the industry in the long term as they aim to protect the interest of all kinds of private investors 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 the country achieved a significant milestone of over 12

crores in July, out of which more than 9 crores demat account investors are registered with CDSL.

Comparing the numbers, the registered investors with CDSL as on June 30, 2023, were 8.83 crores and which shows a remarkable 29% increase over the same quarter last year. This growth can be attributed to the increased use of digital innovation and also being able to connect to the interiors of India, including the Tier 2 and Tier 3 towns.

In terms of performance, our strategy focuses on accelerating core annuity income, simplifying the process for emerging investors and fostering new developments in the Indian securities market. It has and will continue to be team CDSL's relentless endeavor to empower the Indian capital markets with innovative technology and tools, such as the AGM e-voting, EDIS, margin pledged mechanism, etcetera, that enhance the experience and security of market participants.

As we present another successful quarter in terms of both business and financial performance, we at CDSL would like to express a heart for gratitude to our investors and the people of India, whose unstinted faith in us continues to serve as a guiding light. Our focus remains steadfast on building value for our stakeholders, while playing our part in enabling and securing a robust Indian digital financial ecosystem for our investors.

Before I hand it over to our Chief Financial Officer, I'd just 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 all other market participants and employees for their constant faith in us.

Thank you for your continued support and trust in us. I would like to hand it over to our Chief Financial Officer, Girish Amesara, for the key highlights of the financial performance.

Girish Amesara:

Thank you, Nehal. Good morning to everyone. The total consolidated income for the quarter ended June 23 has increased by 19% to INR174 crores as against INR146 crores for the same quarter during the previous year. Accordingly, the consolidated net profit for the quarter ended June 23 is achieved at INR74 crores as against INR58 crores for the same quarter during the previous year.

Talking for the stand-alone basis, the total income for the quarter ended June 23 is increased by 8% to INR170 crores as against INR158 crores for the same quarter during the previous year. And the resulted net profit for the quarter ended June 23 achieved at INR92 crores as against INR89 crores for the same quarter during the previous year.

Now I shall request Sunil Alvares to give an update about the operation of lean subsidiary, CDSL Ventures Limited. Thank you. Over to you, Sunil.

Sunil Alvares:

Good morning, everyone. So far as CDSL Ventures Limited income was concerned, total income for Q1 FY '24 was INR32.7 crores as against INR28.0 crores for Q1 FY '23, which was an increase of INR3.67 crores or 13%. The profit before tax was INR15.63 crores as against

INR14.17 crores, which was again an increase of about 10%. And the profit after tax is INR11.90 crores against INR9.94 crores, an increase of 20%. With this now, we may start the Q&A session.

Moderator: We'll take the first question from the line of Swarnabh Mukherjee from B&K Securities.

Swarnabh Mukherjee: So 2, 3 questions. First of all, if you could highlight the reason for the jump in the annual issuer charges? Was there any particular -- seeing that drove maybe the increase in number of policies -- sorry number of folios that you have, which would have resulted in this? And also if you could share the number of folios with you, which is there for building the annual issuer charges for this year? So that is the first.

And the second is on the cost side. So yes, if I see on the standalone business, the other expenses ahead that you have reported has increased quite sizably, both from the last quarter and also compared to the last year's first quarter. So if you could throw some light on this one.

Nehal Vora: Okay. First question, the number of folios have increased in terms of the number of demat accounts also increased, and that has led a consequential increase in number of folios registered with CDSL as the primary reason for the increase in the annual issuance charges, which we've charged the companies, and hence, that revenue has grown. We don't share the folios in the public domain. So that remains a consolidated revenue impact as you see on a quarter-on-quarter basis. For the second question, I'll ask Girish to answer.

Girish Amesara: So the other head expense largely has increased due to certain regulatory expense, which we have to incur, and are based on the operating revenue of the company and increase in collection of the annual issuer fees. So it is consequent to the increase in operating profit and increase in annual issuer fees.

Swarnabh Mukherjee: Okay. So just as a follow-up on the first question. As you have mentioned that I mean it is understood that the number of folios have increased. I just wanted to check from you that is it something like, say, for example, last year, there was a LIC IPO, which brought a lot of new investors to the market. Is it a factor of that? Or is it a steady-state thing that you were seeing a big increase, please? I just wanted to see if there is some one-off net number.

Nehal Vora: No. It's a combination. See, with the buoyant market conditions, the participation has grown overall. And therefore, the secondary market participation has also grown, as I had stated as part of my comments in the initial part of my speech. And also because of buoyant market conditions, there are also the IPOs, which are getting the market. So it's a combination of all these factors, which has led to this increase.

Swarnabh Mukherjee: So just wanted to, again, to drill a little bit deeper. So what we have seen in the capital markets right now is that the cash delivery part of the market which I think primarily impacts your revenue side, that is essentially cyclical that is not expanding that significantly while the derivative side is expanding. So any thoughts in context of that in terms of the annual insured income.

- Nehal Vora:** . So what you see as the secondary market increase is only quarter-on-quarter. But if you see over a period of time, the buoyant market conditions is what leads to a higher participation of shareholders and companies, and that leads to increase in folios. That's the point I was trying to explain.
- Swarnabh Mukherjee:** Understood, Sir, and in terms of the number of folios, you had given some colour last time. So even if not the exact number, if you can give us some ballpark that would also help us in understanding how this number overall issuer charges. So we request some ballpark on that.
- Nehal Vora:** Typically, we don't give the folios as per the regulatory standpoint. But as of now, we don't do that. In case if we do that, then we'll put it out on our public domain. But I think you can take it as a general trend that as the delivery volume, the market volume increases, leading to a growth of folios in a conceptual sense it is a factor of that.
- Moderator:** The next question is from the line of Prakash Kapadia from Anived Portfolio Managers Private Limited.
- Prakash Kapadia:** A couple of questions from my end. If I look at our subsidiary fetch business, 5 quarters in a row subsidiary revenues have degrown. So can you give us some understanding how much of revenue is from new folio creation? How much on the Fetch side, is there some pricing-related pressure, which is causing this degrowth to continue? If you could give us some direction on the subsidiary business. Secondly, on the total other income of INR24 crores, how much is mark-to-market gains on that portfolio? And how much is capital gains if you have that figure ready? And lastly, one data-keeping point. If you could share the revenue of e-voting and consolidate DCS for the quarter?
- Nehal Vora:** Okay. On the first point, I think the extent of degrowth, if you see the quarters, one in the June quarter ended April, May months were muted. It's only in the month of June where there was buoyancy seen. And therefore, that will have a lag effect on CVL's income. I'll ask Sunil to answer that. But before he answers, I just ask Girish to answer your second part of second question.
- Girish Amesara:** The mark-to-market gain is INR13.36 crores in total INR24 crores income.
- Nehal Vora:** And Sunil, if you can answer that, though we don't give any specific numbers on catches on new and versus...
- Prakash Kapadia:** Yes, I am looking for a direction...
- Nehal Vora:** It's a conceptual answer, I'll ask Sunil to take it.
- Sunil Alvares:** Yes. So like Nehal rightly said, April and May have a slightly muted increase. And secondly, the question on how many fetches are linked to new folios that we will not know because -- those are actually set by the intermediaries and then whether there's a new folio or an old folio, that is really not knownt.

Prakash Kapadia: And is there is some pricing-related pressure because 5 quarters, we've obviously degrown. The pace of degrowth maybe has come off, but still there is degrowth happening. So is there some competition or pricing pressure which we should be aware in terms of the degrowth happening.

Sunil Alvares: Not really.

Prakash Kapadia: Okay, fine. And in case, Girish, you have those revenue breakups of those 2 subfields?

Girish Amesara: That we have provided slides on breakup of income and expenditure, both that we are doing for the last 2 quarters. If you want, I will repeat it, but we have already provided.

Prakash Kapadia: I just wanted the E-voting and ECAS. I have the annual charges, transaction charges.

Girish Amesara: E-voting, we have achieved at INR3.40 crores. And ECASE we have achieved at INR8 crores.

Moderator: We'll take the next question from the line of Amit Chandra from HDFC Securities.

Amit Chandra: So my question is on the annual issue charges. I know that the annual issue charges is linked to the number of issuers, and it's a lag indicator in terms of the retail shareholders that increased last year. The impact is in the first quarter. But if I see the increase in the total retail shareholding in FY '23, that has been in the renowned 18% to 20% Y-o-Y growth. And in FY '22, it was around 55%. So that is reflected in quarter 1 numbers, but quarter 1 FY '24 numbers are much higher than what the actual retail shareholding has increased. So is there any other thing that we need to know in the annual issue charges that is getting included here?

Nehal Vora: So I think, Amit, the way the charges are formulated is that there is a ceiling. And if the folio increases beyond a certain limit and it's folio-based charges. So the holding in some of the top companies has grown higher than overall increase. So what you are seeing is the retail participation increase over the entire year. But how that gets further fragmented in terms of its holding in terms of the top companies versus the other companies is getting reflected in the issuer charges.

Amit Chandra: Okay. And sir, my second question is on the e-voting. So we have seen significant traction there. So last year in FY '23, it was INR25 crores, and it is 80% growth. So I just want to understand that have we achieved the adoption of e-voting by most of the companies or the companies which you target in terms of e-voting, what kind of growth we will see? I know this is forward-looking. But in terms of adoption, if you can throw some light, how many companies that we target have adopted in voting and how many left?

Nehal Vora: So I think rather than specific numbers, I would say the broad trend is our focus on technology. And more-and-more, we focus on technology, the value proposition, which the products provide to the stakeholders. There are more-and-more people who are wanting to adopt CDSL platforms.. And that is going to continue to remain our endeavour.

Our philosophy as a management team is going after the value proposition of products and then that will reflect in the renewed participation of more-and-more people wanting to adopt that

because there is a clear ease of doing business, it's a clear value proposition and what the products are getting offered. And you have your ear to the ground to ensure that whatever the needs of the relevant stakeholders are getting reflected in the products which are getting rolled out.

Amit Chandra: And sir, you have mentioned a lot of innovative services that we're offering. So out of these services do think the DLP is one thing which is being implemented across the depositories. So can you throw some more light on what can we be a potential in terms of is monetization and expanding these services over other classes?

Nehal Vora: So again, that's a forward-looking statement. I'll not give specific numbers. But from a reforms point of view, it's leading to a more systematic way of monitoring of the bonds and covenants, which are the ecosystem. So, the intent is that it becomes a systematic solution to ensure that there is more accuracy as we move forward. And it's a system-driven solution. So more-and-more trust gets built in the system. So therefore, the participation would go up. And as the participation goes up, the relevant numbers is at least the hope and prayer as the participation grows or those will get reflected in the numbers also.

Amit Chandra: Okay. Lastly, on the insurance repository, are we seeing traction there in terms of the participation from more-and-more companies and more on insurance policies getting demat? So, any view there?

Nehal Vora: I think on insurance, it's still on a voluntary basis. So it depends on the insurance holder and the insurance company on to the extent they would like to adopt e-insurance framework. Definitely, there is a proposition for ease of doing business from an insurance holder because custody of the insurance policy, the ease of access and also basically the ability to raise funds out of that insurance policy becomes a more sophisticated way than it is in a physical mode. So, I think as that benefits gets percolated to the last mile, more-and-more people are hoping. We hope that more-and-more people would like to really adopt it as we go forward.

Moderator: Thank you. We'll take the next question from the line of Sanketh Godha from Avendus Spark. Please go ahead.

Sanketh Godha: Sir, just wanted to understand bit on more transaction income because cash segment volumes for the country as a whole has done well in the current quarter even compared to first quarter of FY '23. Then we see a bit of weakness or not that much amount of growth in the transaction income from INR33 crores, it has grown to INR36 crores. So just wanted to understand what led to little muted growth in the transaction income given the cash volumes are doing well for the country as a whole.

And second, within the INR36 crores, if you can give how much is pledge related income, it would be useful, sir. That's my first question.

Nehal Vora: So the first question, the first two months of this quarter was a muted growth in terms of delivery volumes, etc. It's only in the last month of the quarter where we've started seeing some buoyancy. And therefore, what we report is on a quarterly basis. And hence, the basically the muted growth

because it was low delivery volumes in the first two months of this quarter. The second question, I'll ask the CFO to answer.

Girish Amesara: Sanket, the Margin Pledge income is INR3 crores in this quarter.

Sanketh Godha: Okay. And just given you have said that the exit month that is June month has been better. So is it fair to assume that compared to April and May run rate of transaction income, June is meaningfully better than even July cash volumes data is much superior. So you are clearly seeing numbers the trajectory of better transaction income playing out?

Nehal Vora: It's a future-looking statement, I'm sorry, I will not be able to comment on this.

Sanketh Godha: Okay, sir. And last second question on the other costs. So just wanted to understand whether this -- you alluded to the point that the regulatory costs led to the growth. But is it somewhere related to the impairment cost also, they just wanted to know that number has that played any role in increase in the other opex?

Girish Amesara: No. It is not led to the impairment, it is as per our regular standard.

Sanketh Godha: So what's the number, sir, if you can tell that for the quarter?

Girish Amesara: INR1.7 crores.

Sanketh Godha: Okay. And this regulatory cost is the only reason or there are some other costs which has led to that growth basically because regulatory costs as per the presentation is only INR8 crores, but in that number, which has grown, but other expenses looking the other expense seems to have grown. So I just wanted to understand the part better.

Girish Amesara: So regulatory, if you look at the component of regulatory, it consists of a 5% charge on operating profit. So if operating profit is on a higher side, obviously, the charge is going to be on the higher side. Then there is SEBI fees, incentives, which are linked to the issuer fees. Now, if the issuer fees collection is on a higher side, these charges are also going to be on a higher side. So, whenever we see a very good profit number or very good operating margin number, this number would also be on a higher side.

Sanketh Godha: Got it, sir. And lastly, on the employee cost last year, in the same period, we had that one-off with respect of or rather one-time payout to the employees of INR10.8 crores. But if I knock up that number in the base and see the growth, the growth is year-on-year 50 percentage in the employee cost, which is much higher than the top-line growth. So just wanted to understand this INR22.6 crores of employee cost has any similar kind of a one-off? Or this is the number what we need to see in subsequent quarters?

Girish Amesara : **You refer to INR22 crores in consolidated result, right?**

Sanketh Godha: Yes, consolidated.

- Nehal Vora:** Yes, we are a financial infrastructure company. And there are two critical inputs. One is technology and second is the human resource. And this is the specialized human resource. It is very, very pertinent to this line of business. And also, there is increased regulatory expectations as we move forward. So that regulatory staff footprint also has to grow with a risk also has to grow. And since there is exponential growth, it has to be hand-in-hand with the control functions of the business also. Besides the business as well as the operations, human resource, to support the renewed growth to ensure that our services don't continue to remain top class and grow as we grow.
- Sanketh Godha:** Got it, sir. But this number is going to remain right around INR22 crores.
- Nehal Vora:** Yes.
- Moderator:** Thank you. We'll take the next question from the line of Jeet Suchak from Nuvama Wealth Management. Please go ahead.
- Jeet Suchak:** Okay. So I have two questions, starting with the first one. So out of the total issuers registered, how many are early stage registered from the total?
- Nehal Vora:** I'll ask CFO to answer, Girish.
- Girish Amesara:** You are asking during this quarter, right?
- Jeet Suchak:** Yes, for this quarter end.
- Girish Amesara:** Okay. Unlisted admitted is 423 companies during this quarter.
- Jeet Suchak:** It is incremental. So what is the closing figure assets, total issuers at the end?
- Girish Amesara:** We'll give you during the course of this discussion.
- Jeet Suchak:** Okay. And other question was, can you give me any colour out of the INR630 million revenue from annual issuers? How much can be from unlisted issuers and out of the listed issuers? Any idea of that?
- Nehal Vora:** We generally don't give that breakup. It's consolidated number.
- Moderator:** Thank you. We'll take the next question from the line of Prayesh Jain from Motilal Oswal. Please go ahead.
- Prayesh Jain:** Yes. Just one question on the issuer charges. Time and again, you have told that there is that you will consider going to the regulator for an increase. What has been the thoughts around it? And with your investments into the businesses increasing with regards to your employee expense, all with regards to your tech expense, do you think it would be the right time to go back to the regulator and ask for an increase in the issuer charges?

Nehal Vora: I think we're not able to answer that in a specific format because it's again a culmination of various factors the overall growth, which we are seeing in issuer income because the regulator is also seeing all of that. So, when the regulator will feel would be an appropriate time for the increase to take place is something which I will not be able to answer. But we continue to engage with them to give them the relevant numbers and where the growth has seen. You have to see basically the overall scheme of things that how and when, if at all they permit an increase.

Prayesh Jain: Perfect. And secondly, the investments with regards to technology in particular. And I assume both would be the tech expenses would be split of between employee and the tech expense that you report separately. So I know I'm asking a forward-looking statement, and I might not get an answer for this, but still, I'm trying my luck with regards to this as to what increase we should start look because it's been some time that you've been investing into our employees and the tech part. Do you think that the increase in that run rate could slow down going ahead?

Nehal Vora: Difficult to answer that question because in any infrastructure business, the quality and the value proposition of the product is of prime most importance. And technology is the DNA with which our business function. We need to not only be up to date and up to speed with the latest changes in the tech field, but also ensure that it is comprehensive and very relevant to our line of business and continue to provide a value proposition to ensure a loyal customer base not only is retained but enhances as we move forward. So I think that's our ethos, which we work. I think whilst the tech expenses, human resource expenses are growing. But as we can see that, that has been able to support the renewed participation in the securities market, and that is our main focus as a management team.

Prayesh Jain: And on the insurance depository business, apart from account opening and annual charges, I think these are the two heads where you, on income, if I'm correct?

Nehal Vora: Yes.

Prayesh Jain: So apart from that, any other new line items that have emerged recently with regards to loan against insurance policies or any other servicing that would have been more, say, in the last some time or we could see in the next take couple of quarters or years.

Nehal Vora: So I don't know whether it will emerge in the next couple of quarters or years. But as the participation grows, probably the market will also come to realize that this could be another use case for that platform to be used or loan against the insurance policies. Now we have seen a muted response at least where our subsidiary is concerned. How that will pan out as we move forward? There is something which we also have to wait on.

Moderator: We'll take the next question from the line of Devansh Nigotia from SIMPL.

Devansh Nigotia: Yes, insurance repository, I mean, you used some initial remarks and also clarified now, and we also mentioned in the PPT that there are no charges for customers. So if you can just elaborate a bit more at what can figure revenue from this line item?

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

- Girish Amesara:** The charges are not levied to the end policyholders. These are paid by the insurance companies.
- Devansh Nigotia:** Okay. And what is the current revenue mix or the current revenue from insurance deposit rates?
- Girish Amesara:** We generally don't discuss this mix of the revenue of annual maintenance and addition. Currently, the income from operation in this quarter that we have achieved is roughly INR16 lakhs as against 1 lakh of the previous quarter.
- Devansh Nigotia:** 16 lakhs from insurance repository?
- Girish Amesara:** Yes.
- Devansh Nigotia:** Okay. And what is the underlying user base? A number of customers who have the policies?
- Girish Amesara:** We generally don't give the number of customers and all that. Because this is not available in public domain.
- Moderator:** We'll take the next question from the line of Amit Chandra from HDFC Securities.
- Amit Chandra:** Sir, if I see most of the business lines for us has recovered. But if I see the online data charges, that has been flat for almost five quarters now. So if you can share some views of what is the mix in terms of fetch and creation and what part is getting impacted there? And are we seeing any recovery as you said in transaction, there has been only 1 month of higher activity. Are we seeing similar activity change in online data charges as well?
- Nehal Vora:** So again, really, basically, Amit, as the charges as the renewed activity grows, there is obviously a lag effect on the CVL in terms of fetch and all that. And so I think we should just wait and watch for 1 or 2 quarters as to how this will pan out. It may be early to predict based on the first quarter impact because, as I have said earlier that it was the June quarter, which showed some renewed interest. April and May were muted. So obviously, the lag effect will continue. So we should wait for 1 or 2 quarters and see how this moves.
- Amit Chandra:** So why I'm asking this because generally, with the increase in the account additions because you have seen that the account addition has actually picked up in 2, 3 months. So there is an account opening KYC that comes in, that generally follows that. So it is not getting reflected. So I'm wondering if there is a bigger in terms of leakage in terms of even that is happening in the base.
- Nehal Vora:** It's difficult to predict at this stage. But I think, as I said earlier, there is obviously a lag effect, which continues. So I think we should wait for 1 or 2 whether this is a real impact or the lag.
- Amit Chandra:** Okay. And one question to the CFO. Sir, the facility expenses in terms of the new expansion that you have done. So have we incorporated the higher facility expense charges? Is it in the base? Or is it yet to come?
- Girish Amesara:** Facility charges in the sense?

- Amit Chandra:** Like new property that you have bought. So in terms of depreciation in terms of the expenses that goes up generally in terms of expansion?
- Girish Amesara:** Yeah, work is still going on. So it's shown as a capital work in progress in the financial statement as of now. Is that when we capitalize it, the depreciation will start.
- Moderator:** We'll take the next question from the line of Franklin Moraes from Equentis Wealth Advisory.
- Franklin Moraes:** So in this quarter's employee cost, what percentage would be on account of variable payout?
- Nehal Vora:** We generally don't give out these breakouts. See, I think from an organization point of view, total compensation is more critical. How much is variable, how much is fixed, is a function of various market conditions, etcetera. So I think that's how we will be in the new reporting.
- Franklin Moraes:** So what I was trying to understand is we had made a change wherein the variable will be more amortized now going forward. So whether that has already gotten implemented and this would be amortized over the entire year?
- Nehal Vora:** So I think we continue to work on basically the accounting standards and advice given by with the statutory auditors. And that is in line with what we have been doing. We are not able to answer specifics on this because this is not in public to.
- Moderator:** We'll take the next question from the line of Santosh Keshri from Keshri Wealth.
- Santosh Keshri:** Okay. So I have two questions. One is that the technology investment that we started on around 4, 5 quarters back, is that done? And are you done with that? Or do we have some more plans to expand on technology? That's my first question.
- Nehal Vora:** So technology is something which is continuously has to be assessed and the latest changes, updations. Also, there are newer products, platforms and regulatory requirements, which are getting rolled out on a month-on-month basis, which also requires the technology to get really upgraded and to ensure that it all goes seamlessly.
- Also, the participation of newer demat accounts also leads to a potential capacity assessment, which has to be done to ensure that service standards continue to remain very, very high even as we see a growth. So technology is something which is our core input, as I said earlier. And human resources are core input. These are two critical expenses to ensure that the business continues to run seamlessly.
- Santosh Keshri:** Right. But then we need to distinguish between the technology expense that is a maintenance expense may be to take care of the increased demat additions or increased volume of the business. But the expense which is to bring an altogether a different facility paradigm. And I believe that 4, 5 quarters back, we spoke about INR10 crores be spent on the new technology platform. So my question is more with regard to -- are we done with the new technology platform? Or it is all the maintenance expense that we are incurring now?

Nehal Vora: So what we have done earlier has been completed, but there is continuously a proactive assessment being done whether the technology platforms needs to get further upgraded the applications need to get further upgraded in line with the latest trends to ensure that the people who are basically the relevant with the stakeholders, be it the issuers or the retail between investments and the depository participants continue to see that renewed technology platform being really up to speed with what their requirements are.

So it will be difficult to give a very straight jacket answer because the continuous assessment is being done. And we are bringing in more and more changes, which is more maintenance-oriented also, but also even the newer way the technology platform is done. Your specific question about what had spoken for 5 quarters earlier, that process has been completed.

Santosh Keshri: Okay. Makes sense. And secondly, my second question is regarding the recent notices to the questions that you made on 3rd of August were in the SEBI has given instruction and they had an observation. So my question was that did it involve any panel implication for the company? What is the amount of...

Nehal Vora: There is no financial impact, there is no penal, it is basically a warning which is issued and that is more from a process point of view which is in the process of getting done.

Moderator: We'll take the next question from the line of Jeet Suchak from Nuvama Wealth Management.

Jeet Suchak: So you talked over the call that a total number of unleased issuers will be described during the call.

Nehal Vora: So we'll send it to you on in e-mail, if you can mail it to our CFO, his email is on the -- and we will send you the numbers.

Moderator: Ladies and gentlemen, as there are no further questions, I would now like to hand the conference over to Mr. Nehal Vora for closing comments. Over to you, sir.

Nehal Vora: As I wish you all the very best, and thank you for all your questions. I would want you to continue to remain loyal and chose CDSL. And as a management team, our constant endeavour is to ensure that CDSL continues to remain more and more tech-savvy to ensure more and more stakeholders continue CDSL and its platforms. Thank you, everyone. Stay safe. Stay healthy.

Moderator: Thank you, members of the management. Ladies and gentlemen, on behalf of HDFC Securities, that concludes this conference. We thank you for joining us, and you may now disconnect your lines. Thank you.

Note: This transcript has been edited for readability.