CDSL/CS/NSE/PG/2025/50 **January 30, 2025**

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 January 27,2025.

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 January 20, 2025, for scheduling of Conference Call on Monday, January 27, 2025. In this regard, please find attached the transcript of the aforesaid Conference Call.

The above information is also available on the website of the Company www.cdslindia.com

This is for your information and record.

Thanking you.

Yours faithfully

For Central Depository Services (India) Limited

NILAY RAJENDRA SHAH
Digitally signed by NILAY RAJENDRA SHAH
Date: 2025.01.30 18:30:34 +05'30'

Nilay Shah
Company Secretary & Head Legal
ACS No.: A20586

Encl: As above

"Central Depository Services (India) Limited Q3 FY25 Conference Call"

January 27, 2025

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
Mr. Latesh Shetty – Managing Director and Chief Executive Officer – Centrico Insurance Repository Limited
Mr. Kamlendra Srivastava - Managing Director & Chief Executive Officer – Countrywide Commodity Repository Limited
Mr. Swaroop Gothi, Financial Controller

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

Moderator: Ladies and gentlemen, good day and welcome to the CDSL Q3 FY '25 Conference Call hosted by HDFC Securities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the 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 the 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 statement must be reviewed in conjunction with the risk that the company faces.

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

Amit Chandra: Yes. Thank you, operator. So good morning, everyone. On behalf of HDFC Securities, we welcome you all to the CDSL Quarter 3 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. So,we'll start with a brief overview of the quarter by Mr. Nehal and then we'll open the floor for the Q&A session. Thank you, and over to you, sir.

Nehal Vora: Thank you, Amit. A very, very good morning, and welcome to everybody. I hope each one of you and your loved ones are safe and healthy. First of all, a very happy New Year to all of you. Thank you for joining us today to discuss CDSL's financial results for the third quarter of financial year FY24-'25. We've posted a detailed investor presentation on our website for your reference.

I'm joined by the CDSL Group's leadership team including the CEOs of all the three subsidiaries. Let me start with the industry highlights and then take you through some of the key aspects of our performance. At the end of Q3 '24-'25, Indian capital markets became the third best performing equity market in the top 15 markets of the world. The average daily turnover surge by 64% in the 9 months of this financial year. And it's seeing some amount of stress based on the overall geopolitical as well as market conditions worldwide.

This quarter again India further strengthened its retail participation in the capital market. The total number of demat accounts in India surpassed 18.5 crores in December '24 with approximately 79% registered with CDSL. As of December 31, '24, CDSL had 14.65 crores registered investor demat accounts compared to 10.47 crores at the end of December quarter last year, marking a 40% increase. Approximately 92 lakh demat accounts were opened in the third quarter of the current financial year.

As we celebrate the completion of 25 years of operations of CDSL, our focus remains on enhancing the capital market ecosystem by enhancing efficiency, trust and transparency. We are committed to our priority of Atmanirbhar investor-focused approach while striving for innovation resulting in consistent and sustainable financial and business performance. CDSL has won the Market Infrastructure of the Year Award at the 7th Regulation Asia Awards for Excellence 2024 held in November '24.

The award recognizes CDSL's innovative contribution to modernizing market access and infrastructure including initiatives like eKYC, eDIS, eAGM for all the investors. This recognition highlights CDSL's role in enhancing market efficiency, regulatory compliance and customer-focused growth.

Before I hand it over to the CFO, Girish Amesara, I'd just like to say that the growth of the Indian securities market is an extremely encouraging sign of India's potential and our journey towards Viksit Bharat. I also want to place our appreciation and gratitude to all our stakeholders that is our regulators, depository participants, investors, issuers and other market participants and employees for their constant faith in us. And last but not the least, thank you to all the shareholders also for their constant faith in us. Thank you. Over to you, Girish.

Girish Amesara: Thank you, Mr. Nehal. Good morning. Speaking on the quarterly performance of CDSL on a consolidated basis, the total income for the December 2024 quarter has increased by 26% to INR 298 crores as against INR 236 crores for the corresponding previous year period. And the net profit on a consolidated basis for the quarter has increased by 21% at INR 130 crores as against INR 107 crores for the same quarter during the previous year.

On a 9-month numbers, the total consolidated income has increased by 47% to INR 944 crores as against INR 640 crores for the previous 9 months. The consolidated net profit has increased by 47% to INR 426 crores as against INR 290 crores during the 9 months ended previous year.

On a standalone basis, the total income for the quarter ended December 2024 has increased by 26% to INR 235 crores as against INR 186 crores for the same quarter during previous year. The net profit for the quarter ended December 2024 is increased by 22% at INR 105 crores as against INR 86 crores for the same quarter during the previous year.

For the 9 months ended, the total income on a standalone basis has increased by 45% to INR 780 crores as against INR 538 crores for the corresponding previous year quarter. The net profit has also increased by 43% to INR 381 crores as against INR 266 crores during the corresponding previous year period.

Now I will hand it over to Sunil Alvares, MD and CEO of CDSL Ventures Limited to take you through the performance of CVL. Over to you, Sunil.

Sunil Alvares: Good morning, everyone and thank you for joining us for this investor call today. So far as CVL's results are concerned, the total income for the period 9 months ending December '24 increased by 61% to INR 206 crores from INR 128 crores. The total expenditure for the 9 months ending December '24 was INR 83.8 crores as against INR 53.89 crores for the same period in the previous year which was an increase by 56%.

The profit after tax increased by 65% to INR 122 crores from INR 74 crores. And the profit after tax increased by 64% to INR 92.55 crores as against INR 56.34 crores. With this, I would like to open the floor for questions and answers. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Amit Chandra from HDFC Securities.

Amit Chandra: Thanks for the opportunity. So, my first question is on the transition charges. Obviously, we have seen the steep decline in this which is a mix of volume decline and pricing cut. So if you can first quantify what was the volume decline and what was the pricing cut that we have seen in this quarter?

And also, in terms of this slowdown that is happening across the markets, so which pockets in terms of your accounts maybe which has been added in the last 2 years or maybe the older accounts are seeing a slowdown. It's a slowdown across all the segments and we have taken a 20% price reduction. Now in an environment where the volumes are declining, is there a possibility that we can see a price revision upwards also? So, this is my first question.

Nehal Vora: Okay. Continue You can finish your questions.

Amit Chandra: Okay. So, the second question is on the decline that you're seeing in the online data charges. So, we have seen that the account addition continues to be strong. So, we are not seeing any major decline there. But still the online data revenue was weak. So was there any significant decline in terms of fetches because that constitute like major proportion of our revenues in online data, which is the KYC revenue.

And thirdly, on the technology cost and obviously it has been the major focus area. 9 months it is up around 85% which is following a 65% increase in FY '24. So, is the major technology investment behind us or we will see this elevated cost for the coming years also?

Nehal Vora: So basically, Amit, see the overall market conditions while the demat accounts continues to grow that had also seen some slowdown. In the months, which were the full month in September, we had about 40 lakh demat accounts opened. That has now dropped to about 30 lakhs. Obviously, the transaction-making ability in a bull market is far higher as compared to a bear market.

So overall, the sluggish sentiments contributed by geopolitical issues, overall slowdown in the world, certain regulatory changes etc., have led to a muted participation which is seen across the board, whether it be transaction volume, delivery volumes and hence the market-based delivery transaction income for CDSL.

However, the important point which needs to be kept in mind is that we continue to build our value proposition, keeping it probably one of the preferred depositories for investors to open accounts and therefore, the incremental market share percentage is kind of demonstrated. However, we don't want to base ourselves on past laurels. We continue to invest ourselves to create that kind of value proposition as we move forward.

In terms of specific numbers, we don't put that out in public domain. And hence, it is based on the overall numbers which have already been put out in our investor presentations and on our website also. In terms of technology, it's a continuous process of evolution. I think the most important constant in the technology world specifically, overall, also, but specifically technology world is that change is the only constant.

And we need to evolve both in terms of sophistication, prowess and the latest tools so that the value proposition that CDSL provides to its relevant stakeholders continues to grow and continues to remain. And in terms of the account opening, online charges with CVL also, I think is kind of in-line with the overall muted contribution of volumes in the market which has really led to this.

So, we are in a way an infrastructure company. Our focus and our intent is to provide the right infrastructure forthe rest of the market. So, we don't drive any of these, from a short-term quarter-on-quarter, but it's a more long-term play which we are. for.

Amit Chandra: Yes. Sir, just a follow-up on the technology cost. Obviously, like technology is the prime focus area. But if you can just provide some color in terms of what part of our spend would be like discretionary spends, which we can cut-off in our environment when we see challenges in the environment. And what part of the spend would be run the business kind of a spend, which we have to do despite of whatever the market condition is?

Nehal Vora: So I think our philosophy, Amit, and that's where CDSL has kind of been able to be successful, in fact, has been proactive on technology spend and not being worried too much with the market quarter-on-quarter volumes because when the spurt comes, it comes in very suddenly and you need to be very prepared for it.

It's like your Bandra-Worli Sea Link Road or the coastal road in Mumbai which is built with a certain amount of capacity of traffic. The traffic may not be as much immediately, but it creates that sense of value proposition which, therefore, creates more demand. And that has been our philosophy.

So, we continue to embark on a journey where we do what is correct rather than what is convenient, what is necessary versus what is required from a business point of view. Because when the spurt came in, during COVID and after COVID, we were able to withstand that increased demand because of our proactive investment in technology and the ability to scale when the volumes went up.

Amit Chandra: Okay sir. Understood. Thank you and all the best for the future.

Moderator: Thank you. The next question is from the line of Swarnabh Mukherjee from B&K Securities. Please go ahead.

Swarnabh Mukherjee: Good morning, sir. Thank you for the opportunity. So. my first question I just wanted to understand on the folios part of the business. So. I know that you don't give a forward guidance but wanted to understand from you that so far in 9 months FY '25, if you can give us sense that vis-a-vis the average folios which were there, which were billed for FY '25, so average full year of FY '24. What would be and by how much should we be largely up by now?

If you could give some color, not the exact number but a ballpark also that would help us to understand how the issuer charges, etc. might pan out. So not looking for any forward guidance, but whatever number you have recorded so far, if you can give a ballpark color in terms of growth. That is the first question.

Second is in terms of the IPO corporate action line item which you report. If you can broadly give us a split on how it trends quarter-on-quarter between IPO and corporate action, whether there would be any seasonality in terms of corporate action in that which some color on that would be useful?

And thirdly, sir, I mean, I think already has been -- you have given some color in the previous question, but just wanted to understand that given that there is at least a transient weakness in the market, but that should not mean that we would expect that your further investments in technology will be curtailed at any level? So, it will be going on at the same level of what we are seeing right now, would that be a fair understanding?

And if you could also share fixed and variable cost proportion in your overall expenses, that would be very helpful. These are my questions.

Nehal Vora: So Mr. Mukherjee we don't give out the folios, but we give out the value of the annual issuer charges. And that could be a proxy for you to really understand on how the folio growth will happen, but that is a culmination of both - addition of new investors coming in versus the folio growth with CDSL employees. So, you could take that as a proxy.

In terms of your second question on IPOs and corporate actions, we don't give that breakup. But it's again, IPOs, you are seeing the numbers which are out there. Corporate actions is a culmination of issues like bonus, rights, and also if any takeovers, mergers, acquisitions or any corporate actions emanating out of such things are taken. It's kind of a mixture of that which really takes forward.

So,it's the overall market conditions which will determine whether the IPO bucket will grow versus the other corporate restructuring market growing. And I think that is where we would like you to take this in terms of how we see it. Third question on technology. We continue to embark on the journey of both creating the right technology products and platforms on all three counts of hardware applications, security, network.

And also, building the right people as a skill set because as technologies evolve, you need that kind of skill set to drive those innovations also. The important thing is to continue to remain as far as possible from an intense standpoint on top of the game to ensure that your technology is kind of best-in-class.

And the important thing which I think one needs to also understand that lot of these reforms are happening on a segregated account structure which is opposed to the West, which is an omnibus structure. And we are far more inclusive and detailed where in terms of being a segregated account structure. This is because of the investment we've made in our technology.

Swarnabh Mukherjee: Right, sir. If you could give a proportion of fixed and variable costs in your mix. And also, sir, one follow-up on the IPO corporate action. So, between the quarters is there a discernible seasonality in the corporate action part? If you could just highlight that like whether the second quarter or the third quarter would have a higher amount?

Nehal Vora: We don't give the breakup between fixed and variable costs because it's kind of in a very hybrid function. So, it may not give the right picture. We give it as a consolidated number. Also, it's difficult to predict the seasonality for IPO Corporate Income because for the IPO, whether they come out or not is completely market-driven.

And it depends on the ability of issuers coming out with market with the IPOs. When they will come out, there has been no specific trend whether the first quarter, second quarter, third quarter or fourth quarter where the highest number.

Swarnabh Mukherjee: I was sorry to interrupt. I just wanted to ask about the corporate action portion. I know you gave a consolidated number, but internally you would be having a breakup. So just wanted to understand, but only if I would think about revenue coming from corporate action, would there be a discernible seasonality in that number?

Nehal Vora: It will be difficult to predict either way because it is all market determined. So, any prediction of the past also is not indicative of the future because what may be in the past may not necessarily be mirrored. So, I think, therefore, it will be best left to the forces of market to determine.

Swarnabh Mukherjee: Sure. Understood. Very helpful. Thank you and all the best.

Moderator: The next question is from the line of Akshay from CD Integrated Services Limited. Please go ahead.

Akshay: Thanks for the opportunity. Sir, my first question is based on our competitive edge. So, if we compare ourselves to the NSDL then what sets apart in terms of technology or in terms of service or in terms of growth when we compare our services to the NSDL and yes, so what is our competitive edge?

Nehal Vora: So, Akshay our intent has never been to get market share or competitive edge. Our intent has always to be create the value proposition for the stakeholders and let the stakeholders decide which road to take. Whether you or those stakeholders take x road versus y road. It's like the coastal road versus the normal road, each one has its own demand, own requirements.

The intent being that we want to give the best-in-class technology, which is really available and continue to embark upon that journey and leave that rest to the market. Our intent is not to be one up over anybody else. I think the entire ecosystem has a lot to achieve. Only 7% of the Indian population is yet in the Indian securities market and I think there is enough space for everybody to thrive and succeed.

But the intent is that we want to give the best-in-class to the Indian capital markets and to the Indian investors so that they can trust with their hard-earned savings when they invest within our ecosystem.

Akshay: Okay, sir. And sir, my second question is based on the our revenue split. So, our deposit for this quarter, we largely divide our revenue in two splits, depository activity and data entry and storage. So, what comes under the data entry and storage? So which type of activity and what comes in the depository activities? So broadly wanted to understand that.

And a follow-up question on that would be our issuer charge, annual issuer charge. So, despite our annual issuer numbers that grows quarter-on-quarter, but revenue on that front is flat quarter-on-quarter. So, any comments on that?

Nehal Vora: So, the data charges is the CVL side of it and the depository charges is the CDSL side of it. On the annual issuer charges depository charges are determined by SEBI. And I've said this multiple times in my previous investor interactions that as and when is the right time and moment that economics would get changed kind of upwards, but we are committed to remaining ensuring that our costs are under control, and we are giving the best value proposition to our stakeholders.

Girish Amesara: Just to add here one thing that any issuer charge per se based on the average folio held during the previous year-end. So whatever additional in account that gets opened during FY 24-25, the impact would be on the next year annual issuer income.

Akshay: Okay sir. Thanks for the answers and all the best for the future.

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

Supratim Datta: Thanks for the opportunity. My first question is on the private company side. So last quarter you had booked around INR 9 crores in revenue from private company dematerialization. Could you let us know how is that progressing? How much revenue have you booked from that side this quarter? That's my first question?

Secondly, on the pricing side, wanted to understand that on the annual issuer side, you haven't taken a price hike since 2015. Wanted to understand what would be the key triggers for us to approach the regulator for a price hike here? You could give us some benchmarks that you would be looking at before approaching the regulator for a price hike, that would be helpful?

And lastly, if you could give us a breakdown of the eCAS and e-Voting revenue that you typically do every quarter, that would be very helpful again?

Nehal Vora: Yes. So, I'll answer the second question. I'll ask Girish to answer the first and third question. The second question is on basis on what the overall cost on servicing is basically the investors, what is the technology cost. There's a multitude of factors which the regulator goes through. Unfortunately, that is not available in the public domain. That is what is seen by that regulator and overall economic conditions, how much the issuers would be willing to pay, wanting to pay, required to pay.

So based on that, they come up with numbers. So that's the answer to your second question. I'll ask Girish to answer the first and third question.

Girish Amesara: In terms of unlisted income for the quarter, we have earned income of INR 7.47 crores, out of which INR 4.76 crores is the processing income which is onetime income. And in terms of eCAS treatment charges it is at INR 14 crores and eVoting is at INR 5 crores.

Supratim Datta: And sorry, the unlisted INR 4.7 crores was the income for this quarter and what was the onetime fee during that?

Girish Amesara: I said INR 4.76 crores is processing fees which is onetime fee.

Supratim Datta: Got it. Thank you.

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

Santosh: Hi, thank you for giving me an opportunity.

Management: Yes, little hazy. Can you come closer to the microphone.

Santosh: Sure. Am I better now?

Management: Yes better.

Santosh: So, sir, I have two questions. One is that about the regulatory charges that we are disclosing the quarterly financials, so there we can see that on a 9-month basis, there is an increase of 50% towards regulatory charges. And even quarter-to-quarter, there's an increase of almost 16%. So, is there any revision in the charges from the SEBI side or there is a new charge that we have to pay? What is the scene here if you can just explain?

Nehal Vora: I'll ask Girish to answer that.

Girish Amesara: So, if you understand the regulatory fees, it consists of a charge which is supposed to be paid to IPF, which is a percentage of operating profits. So, if we compare 9 months versus 9 months, our operating profit has increased, hence, that has increased. And apart from that we have to pay annual fees to SEBI and we also have to pay incentive to DPs. That is based on the collection that we make towards the annual issuer charges, custody charges.

Nehal Vora: So, to answer your other question, there has been no increase. It is completely driven by the increased numbers over the last 9 months.

Santosh: Okay. So, in a way, we can say that the cost of doing our business?

Nehal Vora: Yes.

Santosh: And I have a second question about the IT cost and the employee cost. So, what we have seen is that the employee cost is increasing on the one hand, the IT cost is also increasing on the other hand. So there looks like the IT cost is not leading to any reduction in the manual processing that you may be doing, or this is on account of something else and we are looking at we must look at it something differently.

I understand that you explained that IT is something that is important for future business and also for the safety and security of the market institution database, but can there be a correlation seen here in the long term with the increased IT cost, there could be a reduction in the employee cost in future?

Nehal Vora: So, Santosh if you understand this business, the employee and the IT costs are the two only costs which we have in the business. And they are not competitive with each other, they are complementary to each other. We need to ensure this, as this is a very specialized business. So, both in terms of the employees as well as the technology, it will continue to kind of be further invested in.

You also need to keep in mind that the revenue has grown, not at the same pace at which the technology and the employee costs have grown. And that shows the investment, the nature of this company. That is an infrastructure company, and you need to have a certain investment in employees as well as infrastructure for the technology, but the revenue based on market conditions, continue to grow exponentially higher than the growth you've seen which is not the case in most of the other companies where there is a correlation between the revenue and the costs.

And therefore, you need to see it in that perspective as we continue to grow because if we do not invest in the right people and the right technology, it will not create that value proposition when the market shows those kinds of demands where this continues to remain the preferred place where people try to open demat accounts.

Santosh: Okay. That clarifies. And I have a last question about the previous participant asking about any chance. I will not say chance, but the way we reduce our rates, transaction charges in October and even before May. So, can it be increased without any regulatory approval the way it was reduced? So, my point to ask you is that do we need any regulatory permission before we think of revising the collection charges or it is something that we can do of our own?

Nehal Vora: No. The regulatory charges, as far as the depositories are concerned, it requires prior approval of SEBI. And the reduction has also gone through that process. The increase, if any, in the future would also need to.

Santosh: Okay. So, sir, I just -- what is the need for revising the charges downward because we enjoy oligopoly, and we are the largest players. Our annual reports say that incrementally we are getting 84% demat accounts from our stable. So, is there any pressing need for reducing the charges?

Because as you can see that the capital markets, all participants have increased their charges. Even the government has increased their STT charges. So, the investors and the traders have to pay extra for doing the trade. So CDSL happens to be the only entity reducing the charge and, in the process taking a hit on the profit.

Nehal Vora: We are not taking a hit on the profit. I think it's economies of scale which is coming into play. And that was in a way your first question, that technology and employee cost are not in sync. See, the intent is that only 7% of the Indian population is today in the securities market. How do I make that to 20%, 25%, or 30%? There's a social inclusion, financial inclusion agenda also which is a long-term sustainability of the depository also.

So, our philosophy and our strategy has always been not looking at quarter-on-quarter but looking at a more long-term sustainable strategy. So that this becomes the preferred demat account depository. And we would like to include more and more people into our fold. The point is that despite the reduction in terms of our numbers, we continue to remain to be profitable.

We continue to invest in the latest technology. We continue to recruit the right kind of people. So, we have not compromised any of this. But at the same time, we would like more and more people to join the fold of the depository system. And hence this is kind of an added advantage, which we are working on.

Santosh: Okay. Thank you so much it clarifies. Have a good day.

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

Madhukar Ladha: Thank you for taking my question. So, a couple of them. First, on the annual issuer charges, you said that about INR 7.5 crores was the total from unlisted companies in this quarter and about INR 4.7 crores for the onetime sort of a number. So, the balance is obviously the more recurring portion.

Now my question is that we had this tailwind that the private unlisted companies had to dematerialize their shares. Are we sort of through with it? Have we seen that completely play out or is it still continuing or is that activity still on? That's my first question. Second, on IPO and corporate action charges. Quarter 3 had a very huge very large number of IPOs and a lot of fund raise and the market saw a lot of large IPOs as well.

But if we compare this line item from quarter 2, the jump is only about INR 6 crores from INR 52 crores to INR 58 crores. So, I wanted to understand what is sort of why the jump is a little less? So, if you can give me some idea as to what the corporate action component was in quarter 2 and then what the corporate action component is in quarter 3? And what the IPO component is, that will be helpful if you can just split that line item a little bit?

And finally on the expense side, some sense of what sort of salary increments are we looking at for FY '26? Yes, that again will also be useful. So, these would be my three questions?

Nehal Vora: So, on the first question, private limited companies continue to embark as and when they become eligible. The overall government nudge is to move the private limited companies into the demat world also. And so as and when they become eligible as per the conditions laid down by the Ministry of Corporate Affairs, they would be kind of very eligible to and they would be required to move into the demat world.

Again, difficult to predict numbers because which private limited companies become really eligible or not depends on the conditions, which we need to fulfil. Your second question was on the IPO corporate actions, we don't give the breakup of this. And hence, it's a culmination of again what is corporate restructuring versus IPOs as a unit. And therefore, it is leading to that kind of things in terms of how it will work on quarter-on-quarter.

And your third question on the potential increment on employees, we don't give forward guidance. I'm sorry, I would not be able to.

Madhukar Ladha: Just coming back on the first question. Actually, what I wanted to understand was what part of it; so we had the new sort of guidelines for dematerialization of shares for private companies --

for the eligible private companies was sort of 30th September '24. And now that sort of played out most of it. So, I wanted to get some sense has that sort of played out, that bunch up and all of them sort of dematerializing the shares or these things...

Nehal Vora: Okay. I follow what you are asking. I would urge you to look at the rules of MCA. It talks about the large corporates which are INR40 crores of turnover and INR4 crores of share capital. Private limited companies, they become eligible to dematerialise when they want to raise capital, or they want to transfer capital.

So, there are two contingent conditions which has to be affected for these large corporates to be required to move into the demat world. Now, 30th September was the date after which this rule kicks in. So, whenever those two conditions of the filter of large private companies and those two other contingent conditions kick in, they are supposed to kind of move into the demat compulsory demat world.

So, I hope I have answered that. Therefore, it is difficult to predict whether it is played out or not played out.

Madhukar Ladha: Understood. This is very helpful. Got it. And just on the annual issuer charges, the processing fee that is part of annual issuer charges only or it's not sitting in other charges?

Nehal Vora: Yes.

Madhukar Ladha: Okay. Got it. Thanks a lot. Thank you. All the best.

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

Sanketh Godha: Thank you for the opportunity. Sir, the cash ADTO for the industry as a whole declined by 20 percentage Q-o-Q and our transaction income declined 29 percentage quarter-on-quarter. So, is it fair to tell that INR3.5 which we are using in true to label, the price average realization seems to be lower compared to previously when we're doing flattish pricing? And if that is the case, then what is the cut we have to I mean, price cut of 9 to 10 percentage is a fair assumption, sir?

Nehal Vora: We don't give that number out in public domain. But the important thing is again don't look at or my urge to all of you all would be don't look at quarter-to-quarter. This is an infrastructure company. It's for long-term sustainability. So, what we are looking at is more investor participation on a long-term sustainable basis.

And therefore, the true-to-label cost whilst it's a regulatory nudge is also an important part of the strategy of CDSL to ensure that there's a long-term sustainable participation by more and more new investors coming into the securities market fold and into the demat fold, so that the percentage of participation of a growing population increases from a 7%, at least 15% to 20%.

Sanketh Godha: Got it, sir. Fair point. Sir, the next question what I had was that if you look at other expenses outside the regulatory cost, that seems to have declined almost in line with the KYC income on quarter-on-quarter basis. So is it fair to assume that given your communication costs would have also come down because of lower KYC income, that expense has declined. So broadly, it's a variable cost in line with the KYC income?

Nehal Vora: Yes. That's right. Absolutely.

Sanketh Godha: Okay. Perfect, sir. And one more thing. We know that KYC income has slowed down. So just if qualitatively if you can say that the KYC income slowdown happened largely because of lower IPO applications or probably people fetching less from mutual funds or something just to get a color what led to the slowdown in the KYC income?

Nehal Vora: The color is overall securities market participation, secondary market. So it's a combination of primary market and secondary market, but it's a cumulative culmination of secondary market and primary market. So, when there is muted activity on secondary market, that means less number of fetches. The lower number of demat accounts, which have opened month-on-month as compared to September is another factor, the number of IPOs.

But it's difficult to point out category-wise. It's kind of cumulative contribution of the overall market sentiment, which is determined mainly by the traded volumes, the delivery volumes, the number of IPOs coming out, the number of demat accounts being opened, the number of unique client codes being opened. It's kind of a combination of that.

Sanketh Godha: I got it, sir. But the reason I was asking is that given the market is a little weak today, and say, next year the IPO activity is materially low because of the weak market. So then whether we see that KYC income is more under pressure because of the primary activity compared to the secondary market activity?

Nehal Vora: That will be difficult to predict, Mr. Godha because it depends on what the market conditions are in the future whether due to low market conditions, is the market going to be bullish with our low volumes or bullish with high volumes or bearish with low volumes or bearish with high volumes. That will determine whether the KYC income will be lower or not. So, there are a lot of variable factors which are difficult to predict at this stage.

Sanketh Godha: Got it. And two data-keeping questions. If you can spell out pledge income in the current quarter and impairment costs in the current quarter? That would be useful.

Girish Amesara: Impairment cost is INR 2.46 crore and pledge income is INR 6.06 crores in this quarter.

Sanketh Godha: Okay sir. Got it. Thank you very much.

Moderator: Thank you. The next question is from the line of Sunny from Individual Investor. Please go ahead.

Sunny: just I am new to your company. So, I just wanted to know the breakup of the online data charges as well as other income. So, what exactly falls under this other income and online data charges. That's it, sir?

Nehal Vora: I will ask Girish to respond.

Girish Amesara: So online data charges is the income of our subsidiary, CDSL Ventures Limited and other income consists of eCAS statement charges, eVoting charges, investment income, eSign and other KRA related income and other income of CDSL.

Sunny: Okay. So, what is the major income of this subsidiary CVL I mean, what exactly consists of that substantial part of the income of CVL subsidiary?

Girish Amesara: eCAS charges, eVoting charges and investment income are the major out of INR 49 crores. I hope you're asking the breakup of INR 49 crores...

Sunny: Yes, not the breakup of the INR 49 crores. I'm asking the breakup of this INR51 crores, the online data charges breakup, the subsidiary breakup?

Girish Amesara: That is all pertaining to KRA-related income. There is no breakup of those.

Sunny: So, all KRA related. That's it. Thank you so much.

Moderator: Thank you. The next question is from the line of Rushabh from RBSA Investment Managers. Please go ahead.

Rushabh: I just had one question, sir. So recently, we have seen a change of CEO at NSDL who's on private sector. So I just want to understand on ground, have you seen, have they become quite aggressive in terms of new customer acquisitions from their earlier stance? Just want to understand or is it too early to judge?

Nehal Vora: I would not like to comment on my competition. I think there is enough room for both of us to coexist and there are enough territories to cover. As I said earlier, 7% is the population which is contributing to the securities market. I think there is a lot more. So, I think there's a larger canvas at play and let us look at the bigger picture.

Rushabh: Okay. Thank you.

Moderator: The next question is from the line of Rohan Nagpal from Helios Capital. Please go ahead.

Rohan Nagpal: So, I had a question on the IPO and corporate action line item. So, if I just look at the number of IPOs that we listed this quarter, it was about 76. The previous quarter it was 111. So, despite that, we're seeing an increase in the revenues quarter-on-quarter increase in the revenue of the IPO and corporate action line item. So, can you just give me some of the drivers of this of the IPO revenue that we generate because we're seeing a substantial decline in volume, right, over here?

Nehal Vora: Sorry, your voice was not very clear, Mr. Nagpal. Could you summarize it? I know your question was very long. Could you summarize it?

Rohan Nagpal: Yes. I think the volume of IPOs are reduced from 111 in Q2 to 76 in this quarter. But despite that, we're seeing a sequential increase in our IPO and corporate action revenue. So, could you just provide some color on the drivers of revenue of this line item or is it fair to infer from this that corporate action revenue was higher this quarter compared to last?

Nehal Vora: Yes. You can it all depends.

Sunil Alvares: Yes, the revenue really depends on the number of applications which subscribe for the IPO and subsequently what are the number of allottees. It really does not depend on the capital. So, there could be a case in a particular quarter there is just one IPO, but there's a large number of applications and large number of allottees whereas in the next quarter there could be 100 IPOs with lesser number of investor applications for the IPO. So that's not really any comparison.

Rohan Nagpal: Okay. Fair enough. And just a follow-up on that. So, this quarter, I mean, in Q3, we got a number of notifications about a change in RTA. So, what is all of that revenue booked in Q3?

Sunil Alvares: Sorry, we didn't get your question. Can you come again?

Rohan Nagpal: There were notifications, so I think Link Intime was changed to MUFG Intime. There was a change in the RTA that is listed for a lot of companies. Was all of that revenue booked by CDSL in Q3 or will some of that be booked in Q4 as well?

Nehal Vora: I don't understand what is the revenue with Link Intime MUFG got to do with us?

Rohan Nagpal: I mean, a change in RTA or whatever there's a change in RTA?

Sunil Alvares: A change in RTA doesn't result in any incomeas the record just gets transferred from one RTA to the other. So, what really happens in our system, the name of the old RTA gets changed with the name of the new RTA for a particular ISIN.

Rohan Nagpal: Okay. There is no...

Nehal Vora: Mr. Nagpal, what you need to see is again a long-term view that more and more people if they're coming into our fold, this will be a long-term sustainable revenue. So again, I would really urge you all to start looking at the real long term because this is finally an interest.

Rohan Nagpal: Fair enough. That’s it from my side. Thank you.

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

Madhukar Ladha: My question has been answered. Thanks a lot.

Moderator: As there are no further questions from the participants, I now hand the conference over to Mr. Nehal Vora for closing comments.

Nehal Vora: So, I wish you all a very safe and healthy life. Continue to remain invested and open more and more demat accounts. Thank you.

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