

CDSL/CS/NSE/RG/2024/37

February 13, 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 February 07, 2024**

**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 January 31, 2024, for scheduling of Conference Call on February 07, 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](http://www.cdslindia.com)

This is for your information and record.

Thanking you.

Yours faithfully

**For Central Depository Services (India) Limited**

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

*Encl: As above*



Central Depository Services (India) Limited

Q3 FY '24 Conference Call

February 07, 2024



**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 – CDSL Ventures Limited**  
**Mr. Swaroop Gothi, Financial Controller**

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

**Moderator:** Ladies and gentlemen, good day, and welcome to CDSL's Q3 FY '24 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. 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 future or which could be constituted as a 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 evening, everyone. On behalf of HDFC Securities, we welcome you all to the CDSL Quarter 3 FY '24 Earnings Call. Today, we have with us the management team of CDSL represented by Mr. Nehal Vora, MD and CEO; Mr. Girish Amesara, the CFO, and other senior leaders. And we will start with a brief overview of the quarter given by Mr. Nehal, and then we will start with the Q&A.

Thank you, and over to you, sir.

**Nehal Vora:** Thank you, Amit. A very, very good afternoon to everybody. I trust all of you are well, safe and in good health. Thank you for joining us today to discuss CDSL's financial results for the third quarter of the financial year '23-'24. For your convenience, we have provided a comprehensive investor presentation on our website. I'm joined by the CDSL Group's leadership team.

I'd like to begin by highlighting some key aspects of the securities market before going into our company's performance. Commencing with the broader industry landscape, the retail equity average daily turnover saw sequential quarter-on-quarter increase of about 4%. Notably, December was a good month with a remarkable 50% growth compared to the preceding months of November and October.

In line with CDSL's efforts towards enhancing ease of business, we introduced a new series this quarter such as the facilitation of ASBA in secondary markets, multilingual CAS and chatbot services in 4 languages. Investors now have the convenience of accessing their Consolidated Account Statements, CAS in the preferred language among the 23 operating languages in India, while our chatbot service currently is in 4 languages.

So basically, all these initiatives are aimed at promoting the concept of financial inclusion and really access to all. Our overarching goal is to make the capital markets more accessible, convenient and secured for both retail and institutional investors. As we move towards our silver jubilee, we remain steadfast on our commitment towards our efforts towards enhancing trust in the financial ecosystem and really empowering Atmanirbharta amongst the securities market

investors. The sustainable financial growth has been a byproduct of our effort towards simplifying the entire journey and enhancing market accessibility for all.

I will request our CFO, Shri Girish Amesara, to take you through the financial performance. However, before I hand it over to him, I would like to express our gratitude to all our stakeholders, the beneficiary owners, the depository participants, issuers, regulators, employees and other market participants for their support in ensuring CDSL continues to grow. I additionally extend heartfelt appreciation to our investors whose trust continues to drive us forward. Our focus remains on creating value for all our stakeholders and enhancing the Indian digital capital market ecosystem.

Thank you for your continued support and trust in us. I'll now hand it over to the CFO, Shri Girish Amesara.

**Girish Amesara:**

Thank you, Nehal. Good afternoon to everyone. I'll first speak on the consolidated part. So on a quarterly performance on consolidated, the total income for December quarter has increased by 47% to INR236 crores as against INR161 crores for the same quarter during previous year. The net profit for the quarter ended December '23 is increased by 44% at INR107 crores as against INR74 crores for the same quarter during the previous year.

Now for 9 months ended December, on a consolidated basis, the total income has increased by 34% to INR640 crores as against INR477 crores in the previous 9 months. The consolidated net profit for the 9 months has increased by 36% to INR290 crores as against INR213 crores of the previous 9 months.

Now I'll speak about stand-alone. The stand-alone quarterly total income for the December quarter has increased by 40% to INR186 crores as against INR133 crores for the same quarter during the previous year. The net profit for the quarter ended December is increased by 37% to INR86 crores as against INR63 crores for the same quarter during the previous year. On a 9-month basis, on a stand-alone basis, the total income has increased by 25% to INR538 crores as against INR431 crores in the previous 9 months. The net profit on a stand-alone basis for the 9 months has increased by 21% to INR266 crores as against INR220 crores.

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

**Sunil Alvares:**

Good evening, and welcome to this call. To give you a brief about CDSL Ventures' financial performance, the operational income increased by INR 38 crores to INR114 crores as against INR76 crores for the 9-month period ending December 31, which was an increase of about 50%. The total income increased to INR128 crores as against INR84 crores in the same period last year, which was again an increase of 52%. The total expenses increased by 51% from INR35 crores to INR53 crores. And the profit after tax was at INR56 crores as against INR35 crores, which was again an increase of 57%.

I now request that we can have the Q&A session so we can start with the questions.

- Moderator:** First question is from the line of Prakash Kapadia from Anived Portfolio Management Private Limited. Please go ahead.
- Prakash Kapadia:** Yes. A couple of questions from my end. If you could give us some sense on what is the year-to-date capex on technology in FY '24. Secondly, if I look at other expenditure, it is up 52% for the quarter. Any one-offs in this?
- And Sunil mentioned about the growth. So if I look at the subsidiary growth, the KYC business, you've seen a 50% growth in the 9 months. So what has changed? Has pricing helped? Is it more volume? Is it the low base of last year? If you could give us some sense.
- And just one data keeping question, if we can have the breakup of e-CAS and e-Voting charges for the quarter. These were my questions.
- Nehal Vora:** I'll just ask Girish to answer 3 questions pertaining to CDSL, and then Sunil can answer CVL.
- Girish Amesara:** So to start with your first question on the capex, we have incurred around INR20 crores towards capital expenditure on technology. With respect to the breakup of the other income, CAS is around INR10 crores in this quarter, e-Voting income was achieved at INR3 crores in this quarter.
- Prakash Kapadia:** Okay, understood.
- Girish Amesara:** Other expenses if you look at, largely the mix is almost equivalent to what it was in the last quarter. But if you look at the increase in operating income, it has led to increase in various variable expenses, like payment to SEBI and related expenditure, other operational expenses like SMS alerts, etc., which are in line with the increase in operating income.
- Prakash Kapadia:** No one-off. It is just the volume growth...
- Girish Amesara:** It's largely on account of volume growth.
- Prakash Kapadia:** Right, understood.
- Sunil Alvares:** On the CVL front, again, it's more because of the volume growth. So if you see the number of demat and broking accounts which have been added in this financial year, it's much higher compared to the previous financial year in the same period. So as the number of accounts increase, it has a direct impact on the KYC because each account requires a KYC to be done. So I hope that answers your question.
- Prakash Kapadia:** Okay, fine. I will come back if I have more questions. Thank you.
- Sunil Alvares:** Thank you.
- Moderator:** Thank you. Next question is from the line of Siddhant Dand from Goodwill. Please go ahead.

**Siddhant Dand:** Yes. I just had a question about the term limits of the MD. So will you be throwing your hat in again for the second term?

**Nehal Vora:** The rule is that one term can be of 5 years and maximum of 10 years. So I am currently eligible for another term. So we'll see how the process goes.

**Siddhant Dand:** Okay. Second question was you rightfully shared the number of accounts. But because we are seeing a lot of double and triple accounts being opened by people, is it possible to share the number of unique PAN holders at some point?

**Nehal Vora:** We don't share that as part of our public domain. So we continue to whatever we have already shared.

**Siddhant Dand:** Okay. Thank you.

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

**Amit Chandra:** Yes, so thanks for the opportunity. So my question is on the unlisted opportunity that you have spoken last time. So what's the progress on that? And have we done any analysis based on the new rule? What is the kind of potential, or the company is eligible for the unlisted? And from when we can see that coming in the revenues?

**Nehal Vora:** So the law is that if there are any changes in the promoter holding or any raising or any transfer of holding or raising of capital for private companies which has INR40 crores turnover or INR4 crores of share capital, and that is going to come in by September of '24. So we'll have to see how it pans out. We are engaging the right stakeholders to ensure that any queries, etc., are getting addressed. But towards September, we'll come to know and only when there are changes in the share capital or any transfer, then only it's required. So we'll see how it goes.

**Amit Chandra:** Okay. And sir, the second part of the question would be on the overall costing part. So obviously, we are investing in the business, and there's also some SEBI or regulator-related things that we have to do. So that is scaling up our expenses. but if you see in terms of the expense per employee or our overall expenses, that is around 30% to 40% higher than what the competition is doing. So is it that we are under-invested and still we have to increase our expenses overall at a higher rate? Or we can say that most of the investments are now behind and we can grow the expenses will grow along with the revenue or indexed to inflation?

**Nehal Vora:** So Amit, as I've told earlier, we are like infrastructure companies building like a road. So ensuring that the right kind of technology and people, these are kind of the specialized on both accounts are required. So we'll have to continue to invest in both to ensure that we get good value proposition to the clients, customers and to the securities market at large.

And so it will be a function of that. It's difficult to forecast, anyway, we don't give any forward-looking statements. but the intent is to ensure that the value proposition continues to remain, the

platform continues to be kind of a preferred platform, and that is going to be our intent, and to ensure that it is safe, convenient and secure.

**Amit Chandra:** Okay. And sir, lastly, on the newer opportunities, obviously, we have some areas where we can see some potential in terms of revenue. So insurance is like one of them. Apart from that, can you identify any other areas which can be big in the coming years? Or is it work in progress right now? Or if you can throw some light on that.

**Nehal Vora:** Again, it's forward-looking statement. So we kind of not give a firm reply. But the overall intent is to ensure that India remains securities market infrastructure sophisticated and really top notch, so more and more people can link up, participate in the securities market seamlessly. And as and when the regulators permit newer kinds of asset classes to come in, we are in terms of an infrastructure provider, be ready to kind of take that on.

**Amit Chandra:** Okay. And sir, my last question is on the online data charges. So is there a flat fee in terms of creation and fetch for all the DPs? Or is there a slab that we operate there? And what would be the range in terms of discounts that we give to the larger members there?

**Sunil Alvares:** We have a flat fee. But so far as discounts are concerned, we don't discuss it in the public domain.

**Amit Chandra:** Okay sir. Thank you.

**Moderator:** Thank you. Next question is from the line of Santosh Kesari from Kesari Finance. Please go ahead.

**Santosh Kesari:** Hello, sir. Congratulations for a good set of numbers. I had a few queries. One is that regarding CIRL, that is CDSL Insurance Repository, we do not seem to have the number of policies growing compared to quarter-on-quarter every year. And it appears that the management is not pushing very hard in terms of business penetration or tie-up with other insurance companies or making the business really acceptable at a large public level the way we have pursued the depository industry. So is that perception correct? Or there is something that's going on that we are not aware of?

**Nehal Vora:** See, again, I think from an effort point of view, again, we are like an infrastructure provider, and insurance also is another such set of business. The linkages with insurance companies is there but it's not really mandatory for insurance policies to be converted into a demat. So it's on a voluntary basis. So only as and when people feel the need, they would do it.

The important thing is that we have the right kind of technology and platform to ensure that the value proposition continues to be driven both from a lower cost and a higher efficiency to the market. And the same ethos is continued from an insurance point of view.

**Santosh Kesari:** Right, sir. At present, there are companies in competition who are tying up with, let's say, Oriental Insurance and other public sector insurance. And there, it becomes a joint DBE of the insurance company as well as the insurance repository company to sell the product and get more business from the clients.

So if that kind of effort is there, it should be brought in public domain. Because it appears that the number of policies remain stagnant quarter-on-quarter and it's not moving beyond 15 lakhs. As I can see, it is just 13 lakhs or 12 lakhs policies that's there. Even in the last quarter, it was same. So the business has become stagnant. That was my question.

**Nehal Vora:** No, it means the business is not stagnant. There is a considerable effort, and we are in really ramping up in terms of the senior employees also. So we are hopeful and we continue to invest in that business. I don't see it as an issue.

**Santosh Kesari:** Yes. So basically, we are not getting into very active tie-up with large insurance companies to be really big in the space.

**Nehal Vora:** I don't think this would be the forum to really discuss the strategy on what we are planning to do. Intent is to provide as a broad thought that to ensure that our platform is available. Because it's not about specific insurance. But these are all finally forward-looking statements. So we'll continue to invest and ensure that technology platforms continue to remain the right kind where the value proposition would remain.

**Santosh Kesari:** Okay. Great. And my second question is regarding the cash balance that you have, the consolidated one. And since it is 25 years. So any consideration from the management side on bonus or share split or any other special dividend?

**Nehal Vora:** The feedback is taken. It has come through various forums. The Board will take it up at an appropriate time.

**Santosh Kesari:** Right, sir. And what is the cash balance on a consolidated basis?

**Girish Amesara:** We have an investment of roughly INR700 crores.

**Santosh Kesari:** Okay. Thank you so much. Wish you all good luck.

**Nehal Vora:** Thank you.

**Moderator:** Thank you. Next question is from the line of Pratik Shah an individual investor.

**Pratik Shah:** Yes. So firstly, just congratulations to the CDSL team for the good set of numbers. And also, I'd like to congratulate for having this INR10 crores in active demat account is like a milestone really, and I can see in the presentation, there are a lot of awards CDSL has won this time around. So congratulations for that.

A couple of questions from my side. First one is like, I mean, is CDSL using any of this artificial intelligence technique in any of the processes for you, if you're moving in the security domain? And second question is just you answer that, I mean, since last couple of, CDSL has raised capital from IPO and a lot of cash in Balance Sheet, while parent BSE has also given a buyback and bonus. So why CDSL is not focusing on to gain the investor back? So these are my 2 questions.



**Nehal Vora:** So see, artificial intelligence and all are various tools, so CDSL uses various tools in various facets, be it regulation or technology or whatever, to ensure that the value proposition is. So it's finally a tool and there are various such tools which are used in our day to day functioning.

Regards your question on buyback, etc., as I said earlier, it has come as a feedback. We will surely be speaking up with the Board and we'll see at what time and in what form, if at all it comes, will be taken up.

**Pratik Shah:** Yes, that's it. And hopefully, Nehal Vora will be the MD & CEO continuing for the next 5 years.

**Nehal Vora:** I would really thank you for your vision. Thank you.

**Pratik Shah:** Thank you.

**Moderator:** Next question is from the line of Bhargav Sangi from AMSEC.

**Bhargav Sangi:** Hello sir, Can you provide the number of folios for the quarter?

**Nehal Vora:** We generally don't give that number on the public domain.

**Bhargav Sangi:** Ok. Thank you.

**Moderator:** Thank you. Next question is from the line of Supratim Datta from Ambit Capital. Please go ahead.

**Supratim Datta:** Thank you for the opportunity. My first question is on the faster settlement that the regulator has been pursuing. So just wanted to understand what is the current timelines that we are working with on that? And what kind of investment or change in infrastructure, what CDSL has to take to adapt to these changes when it comes to faster settlement? That's the first question.

And the second question is on the compulsory dematerialization of private company shares. Now I understand that all the companies will have to get their shares dematted by September '24. So, when should we start seeing the companies coming up to CDSL and your competitor, NSDL and getting their shares dematted? Should that start happening from the fourth quarter or first quarter next year? When do you start seeing the volumes? Those are my 2 questions. Thank you.

**Nehal Vora:** On the first question, SEBI has released a public consultation paper on faster settlement. So once the comments are received, they will kind of be deliberating internally. And once they issue the circulars, then they will kind of be moving. As an optional, there are public consultation talks about an optional T plus zero and instantaneous. So CDSL as part of the ecosystem of the MIIs is working very closely around how the entire processing will have to be done. And we are putting in the right kind of infrastructure as well as processing to ensure that we're able to comply with that.

On your second question sorry?

**Supratim Datta:** If I could just have a follow-up on the first one. So I understand that you are putting in the right kind of infrastructure. But when you say right kind, does it mean more people or does it mean more investment in technology? If you could just elaborate on what does right mean.

**Nehal Vora:** Yes, we don't give forward-looking statements. But technically, it will need people as well as technology both in terms of investment and whether the shorter settlement cycle comes or not, that is kind of the core building blocks for CDSL as we move along and as more and more customers come in. So these are the 2 core areas which needs to be constantly be reviewed and invested on to ensure that the value proposition continues to grow.

And on the second question, as I said earlier, on September '24, it is not for all the private limited companies as per the current rule of MCA. It's for people above share capital of INR4 crores or a turnover of INR40 crores. And only for those companies which are going to either transfer their securities or raise further share capital, where compulsory demat will be required.

So we'll have to wait and watch how that will pan out because of these conditions which are there. So I don't think we'll be able to really predict from whereon that revenue will able to grow. And anyway, it's a forward-looking statements, so we don't give forward guidance.

**Supratim Datta:** Got it, got it. Understood. And just last year, you had given that number of folios. So you had said that it was around 137 million at the end of cycle for you. So is it possible at least to give a relative...

**Nehal Vora:** I don't think 137 million would have been our number. I think you may have got it from, at least, we have not given that number. So I don't know, I'm a little surprised seeing this number has come from us. But anyways, we don't provide that number. So I don't think we're able to give that.

**Supratim Datta:** Okay, no problem. Thank you.

**Nehal Vora:** Thank you.

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

**Swarnabh Mukherjee:** Yes, hi, sir. Thank you for the opportunity. I just wanted to understand a little bit more on the private company side following up on the previous participant's query. So first of all, if you could highlight if you have done any kind of assessment, basically that how many companies would be there from with this turnover and capital limits that you have highlighted, which could be addressed by the depositories. Overall, if you could give us the opportunity size.

And secondly, for the September '24 deadline, which companies would need to dematerialize? Ones who are doing this corporate action in the current financial year, is the rule for them? And then henceforth, as and when companies continue to further do corporate actions, then they will come into ambit of the law. If you could give some bit more granularity on that. That is the first question.

Second is in terms of the T plus zero settlement or instantaneous settlement, I understand that you would not like to give a forward-looking statement. But broadly, sir, when we moved from T plus two to T plus one, could you highlight that had that resulted in a higher proportion of transaction income last time and that had benefited us? If you could give some color on that. That is the second question.

And thirdly, on the online data charges. So the number has been flat in third quarter vis-a-vis second quarter. However, I think in third quarter, particularly towards the end, the number of new demat accounts opened had increased quite significantly. So beside that if you could explain why number is flat.

And also if you can give some color that we understand that January has been fairly strong in line with, I mean, even better than December. But how are you seeing the trends in the first few days of February? Is a similar run rate being maintained? That would be very helpful. Yes, sir. Those are my questions.

**Nehal Vora:**

I just hope I can remember all the questions, but I will try my best. On the first question on the private limited, it is difficult to assess because the kind of the eligibility comes in by September '24. So it could range from a few thousands to a few lakhs companies. But out of that, only those which kind of indulge in any raising of capital or transfer of holding will be required to demat before they can do such a thing.

So it is a condition contingent upon that action, which will prompt them to move into compulsory demat. Voluntary basis, people can anyways do it even now. So therefore, it will be difficult to kind of give a firm number on what would be the opportunity because the number of companies from today to September can grow or can be closed down also. So we'll have to kind of assess in September as to how many number of companies will be there at that.

Your second question on T plus...

**Swarnabh Mukherjee:**

Sir, before we move on to the next question, just a clarification. So the regulation would be saying that the number of companies who will fall in that above the limit of INR4 crores and INR40 crores, they will then from the following period will have to come and demat? Would that be a correct understanding?

**Nehal Vora:**

No, those companies who then want to transfer their share capital or raise any share capital have to compulsory demat before they can...

**Swarnabh Mukherjee:**

Yes, post September '24.

**Nehal Vora:**

So there are 2 limits. The first limit is about this INR40 crores and INR4 crores. And second is that condition contingent that they have to raise any share capital or transfer any share capital, then they have to compulsory demat.

**Swarnabh Mukherjee:** Right, sir. Right. And at this current stage, do you have a view on how many would be there? Maybe it might change at September, but currently, whatever data you have, would you like to share some view?

**Nehal Vora:** See, again, we do our kind of analysis. But again, that information will have no meaning today, it should not give a false picture about what will be the situation in September. So I think it has to wait until September once the rule really comes in before we can go in for that.

On your second question on T plus two to T plus one, I think there has been a significant participation, as you can see in the number of invested accounts, demat accounts, which have grown between T plus two and T plus one. So the credit, the risk in the market goes down. So therefore, the systemic risk goes down. How that will pan out with T plus zero will have to be seen. We don't anywhere give any forward-looking statements, but it will be difficult to assess at this stage.

We'll have to see once it comes, how that pans out. But overall, the ethos of the regulator is to make the market safer and more secure and reduce the systemic risk in the market. And therefore, these new initiatives are being taken.

Your third question, I'm sorry, could you repeat your third question?

**Swarnabh Mukherjee:** Yes. Sir, so on the online data charges, Q3 over Q2 has been flat. However, I think the number of demat accounts added in the overall industry was significantly higher in third quarter. So if you could explain why our revenue remained flat despite that addition? And secondly, from public data, we see that January has been, I think, stronger than December as well. So how are the trends panning out in the first few days of February, if you could highlight?

**Nehal Vora:** Yes. So far as the number of accounts would have increased, but then each of these accounts are linked to one particular PAN itself. So I mean, somebody could have multiple accounts, but it is linked to one PAN. So to that extent, you really cannot compare it. There will be some increase in the income, increase in the demat and broking accounts, but you cannot take into account saying that because the demat and broking accounts have increased by so much the online data charges also has to increase proportionately. It will never be in proportion. I hope that answers your question.

**Swarnabh Mukherjee:** Yes. Sure, sir. Understood, sir. Any color on February, how it is going?

**Nehal Vora:** We don't give any forward-looking statements. And again, that once it comes in the public domain, we anyways disseminate the monthly number of accounts at the end of the month. So just wait for a few weeks, and you should be knowing what the number looks like.

**Swarnabh Mukherjee:** Sure, sir. Got it. Thank you so much. And all the best.

**Nehal Vora:** Thank you.

- Moderator:** Thank you. Next question is from the line of Sanketh Godha from Avendus Spark. Please go ahead.
- Sanketh Godha:** Yes. Thank you for the opportunity. Sir, I have a few data keeping questions. First of all, if you can provide data provision number in the current quarter. Because why I'm asking this number is that if this number played a role in increasing the other opex? Or irrespective of that, other opex has grown?
- Nehal Vora:** I'll ask CFO to answer that.
- Girish Amesara:** The provision for this quarter is around INR4 crores.
- Sanketh Godha:** Okay. Sir, which means that even if I take that number, the other admin expenses other than the regulatory cost, because regulatory costs have been flat year on year, quarter-on-quarter, INR10 crores, there has been 8% growth or 57% year-on-year growth in the other and admin expenses.
- So just wanted to understand, this is largely linked to the operational level growth or some line I think you have answered that question, but just wanted to reconfirm that number has been driven by some other spends which you might have done with respect to technology or instantaneous settlement or something, which is getting reflected here.
- Girish Amesara:** So in the first question, we had answered this, that there are no one-offs in this quarter, okay? All the expenses which we have incurred in this quarter are more or less directly related to rising operational income, and expenses which are to be required to be incurred continuously over a period of quarter have been incurred.
- Sanketh Godha:** Okay, sir. And the second question is that again, a data-related question. I think you used to give the data in the past, but if you can share now also it will be great. How much is your pledge income in the current quarter?
- Girish Amesara:** INR4.5 crores.
- Sanketh Godha:** Sorry?
- Girish Amesara:** INR4.5 crores.
- Sanketh Godha:** Okay. And if you can share your revenue earned from unlisted companies in annual issuer charges?
- Girish Amesara:** INR1.2 crores, revenue earned in this quarter from unlisted companies.
- Sanketh Godha:** And how much was it in second quarter, sir, if you can share that data?
- Girish Amesara:** More or less, it was similar.
- Sanketh Godha:** Okay, okay. Perfect, sir. And maybe sorry to harp on this point, but we know a number of companies which are private. And we probably might have done the analysis that out of the

entire population of private companies, how many have a turnover of INR40 crores and INR4 crores net worth. I agree with your point that everyone will not come and raise capital or do a share transfer.

But if I want to identify the outstanding number of companies today based on your assessment which qualify for the first rule, that is INR40 crores turnover and INR4 crores shared capital, if you can give us an indicative number that will be useful just from an industry point of view to understand maybe a long-term opportunity.

**Nehal Vora:** Again, Sanketh, what I was trying to say that in September i.e between today and September, there's about 5 to 6 months yet left. And there can be companies which will open, which will shut. So again, giving today's numbers, in my opinion, will not have a meaning. We should kind of reassess this question in September because that is when the true point will be in picture.

**Sanketh Godha:** Okay, sir perfect. That's it from my side. Thank you very much.

**Nehal Vora:** Thank you.

**Moderator:** Thank you. Next question is from the line of Madhukar Ladha from Nuvama Wealth. Please go ahead.

**Madhukar Ladha:** Hi, good evening and congratulations on a good set of numbers.

**Nehal Vora:** Thank you.

**Madhukar Ladha:** Sir, I wanted to understand just this one thing. There are a lot of new SEBI initiatives, especially on instantaneous settlement, I'm not sure whether this question was asked earlier. But any thoughts on or any sense on how the revenue model will change? That's question number one.

And question number two, what would be the likely additional sort of expenses that we would need to incur for this? And what are the current timelines on this? And you could conceptually sort of help us also understand right now, for example, the settlement happens at the end of the day or T plus two is when the shares get debited. So how will it work in that in the new sort of revised framework?

**Nehal Vora:** So again, see, it is T plus one, it's not T plus two we have right now. So technically, the pain happens today in the morning on T plus one for the cash market equities and generally the securities markets. T plus zero will be on the same day.

The details and all will get finalized after SEBI receives comments from the public consultation paper, and they will firm up their rules as to what time and all that will be announced by SEBI. As well as the instantaneous settlement also, the contours of how it will work will all get announced after SEBI finalizes the rules on that.

So the intent is that it makes basically the systemic risk lower because you are able to get your securities and funds faster. And hence, therefore, more and more people would want to participate in the securities market.

I think that's the overall direction in which it is going. And we are today T plus one also, we're now one of the only leading markets to be on T plus one in the world. So I think that is also a great sense of kind of achievement also for the Indian securities markets to ensure that it continues to remain robust in terms of new reforms, etcetera.

**Madhukar Ladha:** Sure. All right. All the best.

**Nehal Vora:** Thank you.

**Moderator:** Thank you. Next question is from the line of Siddhant Dand from Goodwill. Please go ahead.

**Siddhant Dand:** Hello. I just wanted to really understand the annual issuer charges. So it's the total number of folios divided by total number of working days in a financial year, right?

**Nehal Vora:** No, no. There is...

**Girish Amesara:** Sir, we didn't get your question fully understood.

**Siddhant Dand:** The annual issuer charges, how are they calculated? Can you just explain that again?

**Girish Amesara:** If you look at our operating instruction, there are two sets of charges mentioned. One is slab-based and another is based on folio. So at the year-end, what we do is we arrive at an average folio of a particular company and then we match with both the criteria. Now if the valuation based on INR11 is higher, then we raise the bill based on the higher amount that is generated.

**Siddhant Dand:** Okay. And so for the next year because it's quite stable every quarter, right? So for the next year, it will be decided based on this year's data.

**Girish Amesara:** This invoicing is done in the month of April for the full next year. It is not quarterly billing.

**Siddhant Dand:** Yes, yes. So on the P&L, I'm saying, of course. So it will be based on this year's data, right?

**Girish Amesara:** We do appropriation of the yearly invoicing that we have done on an accrual method of accounting.

**Siddhant Dand:** Correct. But the amount that will be decided for next year will be based on this year's data average?

**Girish Amesara:** Yes, for next year, the amount will be decided based on the average folio as on 31st of March '24.

**Siddhant Dand:** Correct. Perfect. Thank you.

**Moderator:** Thank you. Next question is from the line of Santosh Keshri from Kesari Finance. Please go ahead.

**Santosh Keshri:** Sir, just I had one more question regarding sorry, sir, I'll come back in the queue. I'm so sorry.

- Nehal Vora:** Okay.
- Moderator:** Next question is from the line of Hiten Jain from Invesco. Please go ahead.
- Hiten Jain:** Yes, thanks. I have one question. So I'm just trying to understand the growth in the other revenue sources ex of what you reported in your PPT, which is essentially all combined in terms of consolidated statement charges, the e-Voting. So what I've done is I've taken total revenue from operations minus annual issuer, minus transaction business, minus corporate action and minus online data charges.
- So that number is coming down to this quarter at INR18.5 crores versus INR26.6 crores previous quarter. So it's sequentially down 30%. And if I take 9 months year-on-year data, it is up just 5%, 9 months growth. So can you just help me why this segment is seeing such low growth and sequentially it is down by 30%?
- Girish Amesara:** See, other revenues, if you have a question on the breakup of the other income, other income largely consists of 3 major portions. One is investment income, another is annual issuer charges sorry, CAS charges and e-Voting income. Now if you intend to have a breakup of what we have reported for this quarter, I can provide. Because I'm a little confused on your question because we are not able to figure out the difference of INR18 crores anywhere.
- Hiten Jain:** Yes, yes. So you can help me, what is the 9 months growth for e-Voting and what is the 9 months growth for your consolidated Account Statement i.e. CAS charges? That seems to be weak. Can you just help me understand why is that weak?
- Girish Amesara:** See, e-Voting, if you see predominantly e-Voting income would accrue majorly in second quarter.
- Hiten Jain:** But even 9 months growth is weak.
- Girish Amesara:** So irrespective of. That income would predominantly be at the highest, at the peak in the second quarter. So if you compare 9 months to 9 months, more or less, it is almost same.
- Hiten Jain:** Okay. So we haven't seen much growth there.
- Girish Amesara:** Yes.
- Hiten Jain:** Okay. And CAS charges?
- Girish Amesara:** You will see growth in the CAS charges because currently, we are sending CAS statement to all the investors.
- Hiten Jain:** Correct. So what is that number, 9 months versus 9 months absolute?
- Girish Amesara:** So if you look at in the current 9 months, we have earned an income from CAS at around INR25 crores on a 9-month basis. And in the previous 9 months, we had earned an income of INR17 crores.



- Hiten Jain:** Okay. So it's e-Voting which has not grown much this year versus prior year?
- Girish Amesara:** It's grown by INR50 lakhs.
- Hiten Jain:** Okay. All right Thank you.
- Moderator:** Thank you. As there are no further questions, I would now like to hand the conference over to Mr. Nehal Vora for closing comments.
- Nehal Vora:** Thank you all for your questions. I wish you all a very safe, secure and healthy life ahead. Thank you. Take care.
- Moderator:** Thank you. On behalf of HDFC Securities, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.