Central Depository Services (India) Limited

CDSL/CS/NSE/SK/2024/98 **May 09, 2024**

The Manager,
Listing Compliance Department,
National Stock Exchange of India Ltd,
Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai – 400051

Symbol: CDSL
ISIN: INE736A01011

Sub: Analyst /Investor Call /Conference Call held on May 06, 2024

Re: Disclosure under Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Dear Sir/Madam,

This is with reference to our intimation dated April 25, 2024, for scheduling of Conference Call on May 06, 2024, please find attached the transcript of the aforesaid Conference Call.

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

This is for your information and record.

Thanking you.

Yours faithfully

For Central Depository Services (India) Limited

NILAY RAJENDRA SHAH
Digitally signed by NILAY RAJENDRA SHAH
Date: 2024.05.09 18:12:43 +05'30'

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

Encl: As above

"Central Depository Services (India) Limited

Q4 FY '24 Conference Call"

May 06, 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. Vinay Madan, Chief Risk Officer
Mr. Swaroopkumar Gothi, Financial Controller
Mr. Nilesh Kittur, Assistant Vice President

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

Moderator: Ladies and gentlemen, good day, and welcome to the CDSL Q4 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.

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

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

Amit Chandra: Yes. Thank you, operator. So good morning, everyone. On behalf of HDFC Securities, we welcome you all to the CDSL Quarter 4 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, CFO; and other senior leaders. We will start with a brief overview of the quarter by Mr. Nehal Vora and then we will open up for the question-and-answer session.

Thank you, and over to you, Nehal, sir.

Nehal Vora: Thank you, Amit, for the introduction. Very, very good morning to everyone and thank you for joining us today to discuss CDSL's financial results for the full year and fourth quarter of the financial year '23/'24.

We've provided a comprehensive investor presentation on our website for your convenience. I'm joined by the CDSL Group's leadership team today and we're happy to share our achievements with you. But before we dive into our company's performance, let's take a look at some key aspects of the securities market.

Starting with a broad capital market landscape, the equity turnover has seen a significant increase of more than 50%. Particularly noteworthy is the fourth quarter, we experienced a 126% growth on the year-on-year equity turnover marking it as an exceptional quarter for the entire securities market.

As for CDSL, this has been a special year for us as we celebrated our 25th year of existence. In line with this celebration and as for the momentum of growth in the capital market, we have also seen an increase in the number of demat accounts opened, more than 1 crore plus demat accounts have been opened in the fourth quarter of '23/'24, which is the highest in any quarter since our inception.

These kinds of achievements are a testament of the growing trust in the Indian capital markets. Our financial performance reflects the trust and efficiency in the capital markets. As a part of our performance, the Board of CDSL has recommended a final dividend of INR19 per equity share, and a special dividend on account of our 25th year anniversary celebration of INR3 per equity share, totalling to INR22 per equity share. All this is subject to shareholder approval.

Coming back to the trust in the Indian capital markets to further enhance this trust and market efficiency, we've introduced several initiatives in the past year. These include the optional T+0 settlement, easier with registrations for basically alternative investment funds and the foreign portfolio investors, the facilitation of ASBA in secondary market, the electronic consolidated account statement in 23 languages and multilingual services on our website at which is all free to the market.

These initiatives are aimed at promoting the inclusivity and accessibility of all investors. As we transition from our 25th year and move to the next phase, we remain steadfast to our commitment towards our efforts towards enhancing trust in the financial ecosystem and empowering the Atmanirbharta. I would like to express our gratitude to all our stakeholders, basically to SEBI, and all the other regulators, the issuers, the depository participants, the beneficial owners, the employees and all other market participants for their support towards CDSL.

I would also like to extend my heartfelt appreciation to our investors whose trust continues to drive us forward. Our unwavering focus remains on creating value for all our stakeholders and enhancing the Indian securities market to the next level. Thank you for your continued support and trust in us. I will now hand it over to Chief Finance Officer.

Girish Amesara: Thank you, Nehal. Good morning to everyone. Speaking on quarterly performance on the consolidated basis, total income for the quarter ended March 2024, has increased by 86% to INR267 crores as against INR144 crores during the same quarter during the previous year. The net profit for the quarter ended March 2024 has increased by 105% at INR129 crores as against INR63 crores for the same quarter during previous year.

For financial year 23-24 on a consolidated basis, the total income has increased by 46% at INR907 crores as against INR621 crores for the previous financial year. The consolidated net profit has increased by 52% to INR420 crores as against INR276 crores during the previous financial year.

On a stand-alone quarterly basis, the total income has increased by 82% to INR205 crores as against INR113 crores for the same quarter during previous year. The net profit on a stand-alone basis for the quarter ended March 2024 has increased by 89% to INR97 crores as against INR52 crores for the same quarter during the previous year.

Speaking on the stand-alone numbers for financial year 23-24, the total income has increased by 37% to INR743 crores as against INR544 crores during the previous financial year. The net profit on stand-alone basis has increased by 34% to INR363 crores as against INR272 crores during the previous financial year.

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

Sunil Alvares: Good morning, everyone. I'm pleased to report the figures for CDSL Ventures Limited. The total operational income increased by 65% for FY '24, okay, as compared to FY '23. That is, it was at INR169 crores as compared to INR102 crores for the previous year. The other income increased by 62% from INR11 crores to INR19 crores. As a result, the total income increased by 65% from

INR114 crores to INR188 crores. As far as expenses are concerned, there was an increase of 54% in the expenses in FY '24 from INR49 crores to INR76 crores. As a result, the profit before tax increased by 72% from INR65 crores to INR112 crores and the profit after tax increased by 76% from INR48 crores to INR86 crores.

With this, now I'd like to open the floor for question and answers.

Moderator: First question is from the line of Swarnabha Mukherjee from B&K Securities.

Swarnabha Mukherjee: Congratulations for a good set of numbers. I have 3 questions. First one on the number of folios. So I just wanted to understand from you that the number of folios i.e. billable folios, how it has moved between FY '23 and FY '24. If you could give some colour so that we can understand how the annual issuer changes can be from first quarter onwards. That is the first question.

Second is, in terms of the 2 opportunities, which might give us some incremental traction on the top line front, just wanted to understand on the unlisted companies, the recent regulation if you could give us some idea about what opportunity sizes we were looking at, what could be the potential number of companies that you can target for this financial year and overall opportunity side. I understand that it's a moving target, but at the current standpoint, if some idea you can give.

And thirdly, on the insurance i.e. e-insurance side with the new regulation. How do you look at the landscape? And what could be our potential opportunity size?

Nehal Vora: So, the first question is a forward-looking statement. we don't give forward guidance. So, I would not be able to give an answer. The point in question is folios, which have happened in the previous financial year, which are get billed to the companies in the first quarter. So once the first quarter results, whatever would be announced, you will have some perspective at that stage.

On the second question on the unlisted company. As I have said in my last investor call also, the deadline is September 2024. And it has conditions of private companies, which have a turnover of INR40 crores or share capital of INR4 crores. But only when these companies would like to either raise capital or transfer any capital that's the time the demat will be required to be done on a compulsory basis.

So, it will have to be wait and watch because there are these conditions only when they get triggered, that's the time the demat opportunity will come into play. It is not kind of a simple rule. It has certain ifs and buts, so only when all of them get satisfied. So, it is difficult to predict what will be the population at this stage. We'll have to wait and watch as the further quarters move forward.

On the insurance side, there has been a few amount of changes, but it's kind of really work in progress. We have a full team now looking at our insurance repository. I've spoken about it about2 or 3 quarters before. So we have now a team in place. And we have basically the right building blocks to ensure that this kind of the opportunity would translate into business as we move forward.

Moderator: The next question is from the line of Prakash Kapadia from Spark PMS.

Prakash Kapadia: I have 2 questions. If we could get a sense of what is the mark-to-market gain in the other income for the whole year? And secondly, what is the employee base as on date versus last year at a group level? And the impact of salary hikes and annual fee will be felt in Q1, right? Is that the right understanding? Those were my questions.

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

Girish Amesara: I'll answer you on account of employees. This year, we have closed at 335 accounts of CDSL. And last year, it was 279 employees.

Prakash Kapadia: 335 is at the group level, right?

Girish Amesara: No, this is CDSL. And mark-to-mark gain on investment is INR37 crores as on 31st March '24. And the increment would be obviously factored in the next quarter for the next financial year.

Prakash Kapadia: Till the Q1. I'll join back if I have more to ask.

Moderator: The next question is from the line of Amit Chandra from HDFC Securities.

Amit Chandra: First question is on the insurance opportunity. So obviously, you mentioned that still not there. But as in the regulation it mentioned that from 1st of April, all policies will have to be issued in the digital format. So, is it fair to assume that still there is ambiguity in terms of what digital format means? Or are we seeing traction in terms of the ei-accounts being created. And also, the market share that we have in terms of the ei-account is still very low. So what's the strategy out there in terms of are we planning to be aggressive on the insurance side? Or it's too early as of now?

And second would be on the cost side. Obviously, we have seen now a fairly strong jump in the revenues. But correspondingly, the cost also has been on the higher side and especially technology cost has been inching up especially in the last 1, 1.5 years. So from here on, is it all the investments in technology over or still we have to expand our technology capability in terms of handling the higher volumes?

Nehal Vora: So on the insurance side, it's the regulation is yet getting evolved. I think insurance companies are required to issue the certificates, other insurance policies in digital format, but what happens about the old? And so these are all things which are kind of evolving, and we will see.

In terms of our strategy, it's the entire tech stack, which we are contributing to and hence, the entire move towards an online technological impact or footprint on the insurance side is where we suppose that we should be able to. But these will take some time because kind of building on this will take the market has to really understand what hidden nuances are, etc. So, it's basically an infrastructure company. So it takes time for it to build up. But we are very, very hopeful, and we have put in our people there, our technology there. So, we'll see how it goes forward.

On the cost, technology and people are the 2 main costs for CDSL. And we will continue to invest in that because we have to ensure that the value proposition remains both in terms of infrastructure as well as the applications, which are being used. And to ensure that -- and these are all kind of going to it's in the process of change. So, we'll have to continue to remain being invested. Though it's future questions, I will not be able to give too many details. But in terms of our focus remains on investing in technology and people as we go further.

Amit Chandra: And sir, one last question. So how do you see the regulatory environment because we have seen some regulatory tightening on the exchanges side. So, in terms of the regulatory risk, do you see any kind of risk in terms of pricing because we have been doing so well on volumes. So, is there any kind of risk that you see on the pricing side?

Nehal Vora: I will not be able to give a definite answer here because I think this is, again, in the future. It's also contingent on what the regulators think. But I think the cost, the pricing is approved by SEBI in case of depositories. So, it's taken on record and then it's taken forward from there. So, I think we'll see how it goes forward.

Moderator: The next question is from the line of Rushabh Shah, RBSA Investment Manager.

Rushabh Shah: Sir, talks of single demat for all types of investments have been going on since long. But based on, say, your discussion with various authorities, what level of discussions are going on sir, can you see any light in the next, say, near future, just want to understand your thoughts here.

Nehal Vora: So I think it's a process of regulatory change, everything happens. I think the account aggregator model is in the process is getting picked up. So, we'll see how it goes forward, how that will get linked to a single demat. This is a very long-term kind of proposition. We'll have to be seen on how and in which framework format it will come in.

Obviously, the ease of doing business is a focus of all the central government as well as all with the regulator. So, it will move towards that kind of framework is what we all hope, but it will be difficult to really predict at this stage as to how and what framework format, etc.

Rushabh Shah: And sir, how much incremental cost for stake do we have to do if this comes in the next 2, 3 years. Is there any ballpark range or any percentage of current investment that you have made. How big investments do we have to make for this to handle such volumes that may come?

Nehal Vora: It will be difficult to predict because we don't know in what format, framework, new framework, if at all, it will come. So first, we'll have to really observe what the framework, if at all it comes. And then we'll only able to really assess. Any way we don't give any forward-looking and future statements. So, I would not be able to give you a specific answer on this.

Moderator: The next question is from the line of Supratim Datta from AMBIT Capital.

Supratim Datta: I have 2 questions. One, on the cost front, have you had a significant jump in both employee and their costs in the depository business, the standalone business? And if I look at the subsidiaries, there you may see jump in the tech cost in the fourth quarter again. So, if you could just explain to us what are the areas you are investing at the stand-alone level in terms of employee and tech and in the subsidiary that has been like I can best recall. That would be very helpful.

The second question is on the full year. I understand you don't take the folio numbers, but could you give us, what I think the growth in folios this year FY '24 versus last year. And lastly, if you could give us a breakdown of the other income between cash, e-voting and others, that could be very helpful.

Nehal Vora: The first cost technology has been all around on infra, on application, on security, network. So it's an all-round because with the increased volumes, number of demat accounts growing that needs to kind of keep a pace with that. But more importantly, we are an infrastructure company. So, we will have to kind of pre-empt also the potential de-growth. So, to ensure that the technology, but it takes time to build technology. And therefore, it has been all around.

Similarly, there has been a similar kind of technology growth, which is seen in subsidiaries. CDSL has also seen a good growth. So, we need to really invest in technology out there also. So, people and technology is something, which will continue. And these things don't happen very fast. It takes time for you to invest in both these. So you need to really preplan in future in kind of really in advance as to how you will be investing in this. So that is reply to your first question.

Your second question was...

Girish Amesara: The second question was on the breakup of other income. So other income largely consists of ECAS charges of INR9.37 crores, e-voting charges of INR4.42 crores and miscellaneous income in terms of user facility charges, account maintenance charges and similar income heads.

Supratim Datta: Sir e-voting was INR4.42 crores, right?

Girish Amesara: **Yes** INR4.42 crores.

Supratim Datta: And my second question, I had another question on the folio growth. If you could give us...

Nehal Vora: We don't give those numbers out in the public domain. So, I'm sorry. We will not be able to share that.

Supratim Datta: Okay. And just one follow-up question. So, you said you made investments on the tech side, in infra, architecture, security and similarly corresponding employee investments have been made. So if I could understand that the current infrastructure in place, how many folios or demat accounts would you be able to serve it?

Nehal Vora: See, it is not just folios and demat accounts. There are a lot of new products. For example, T+0 has come in. That will need new processes and new in AIF processing has come in. So it's not just a simplistic answer that how many folios you can do or etc. It's a combination of various factors, which come into play. Also new kind of value propositions, which are being put into the system to make it easier for people to trade, etc., for example, eCAS is now in multiple languages.

So these are some of the things. So therefore, it is not linked to the folios. It's linked to the overall processing with the system is expected to do with a lot of features, which are coming in, in addition to the load wages.

Moderator: The next question is from the line of Prateek Shah, an individual investor. Please go ahead.

Prateek Shah: Sir firstly, congratulations for CDSL's team for putting great set of numbers and also I would like to congratulate Nehal sir for this.

Nehal Vora: Prateek, can you repeat the second question? Line is a little unclear. I cannot follow your question clearly. Can you come closer to the mic?

Prateek Shah: I just wanted to understand that as you mentioned in that investor presentation that CDSL completed almost 25 years of Silver Jubilee and as I understood that a lot of cash on the balance sheet as well and adequate cash also. Is there any plan for any kind of corporate like buyback or bonus or any special dividend going forward?

Nehal Vora: So, we have given a special dividend, which is obviously subject to approval of shareholders for 25 years. So, it's INR19 plus INR3, INR22. The remaining part will have to be seen and assessed as we move forward. So, I will not be able to give any specific answer on that.

Prateek Shah: And on the first question, that is the repricing structure for insurance repository?

Nehal Vora: For the insurance repository, you said?

Prateek Shah: Yes, yes.

Nehal Vora: So, the insurance repository, the pricing structure is as I think it should be there. Yes.

Girish Amesara: So, for the insurance sector, pricing structure is divided into 2 parts: Creation of eIA and annual maintenance, so maintenance is INR25, okay, it is charged to the insurance company and not to the holder of the folio. For creation, onetime charge of INR20 is levied on the insurance company. So these are the 2 recurring charges which are charged to the insurance companies and not to the policyholders.

Nehal Vora: And I think you'll find this on the insurance website.

Moderator: The next question is from the line of Miraj from Arihant Capital.

Miraj: Congratulations on a very good set of results. I had 2 sets of questions. And one thing I -- one of the points I missed out. I just wanted you to clarify that. The clarification part is that one of the earlier participants had asked you regarding the insurance -- evolution in the insurance segment, the recent announcement for electronic issuance. And you had mentioned something that it is still evolving. Can you just repeat that part? I missed that part.

Nehal Vora: Yes. So, the point is that the law is out, how this will pan out between what the insurance companies will do, what the insurance repositories will do, how will the value chain work. All this is kind of in the process of early evolution.

Miraj: Understood. But based on the timeline, the electronic issuance would have started already, right?

Nehal Vora: Yes. They could have started, so the insurance companies can do it themselves also or they can kind of outsource it when insurance repository, so both those models are there. So how it will finally pan out, what is good for the market, what is the value proposition to the market is something which we'll have to evolve.

Miraj: Understood. I just want to understand the point you mentioned that insurance companies can do it by themselves. I believe, sir, that they have to go through a repository only for this to maintain it in electronic form. Is it possible sir?

Nehal Vora: We will need to check this with the insurance team. Unfortunately, he is not there today, the CEO of the insurance repository. But if you want, you can send us an e-mail, and we will have it replied.

Miraj: Understood. Okay. My question regarding this insurance repository part, is that as of our annual report, FY '23 for the insurance repository business. LIC is not we are not tied up with LIC. So, in the current financial year, have we tied up with LIC because they are one the largest insurance issuing agency?

Nehal Vora: So, the process and effort is all going on. Again, it's all futuristic. Whenever we will have that, we will kind of immediately disclose that. But we generally don't talk about specific insurance companies on this call.

Miraj: Understood. Okay. I'll connect with you offline for that.

And then my second question, is that regarding the T+0 settlement and instant settlement. We had started with 25 scrips only. So I just wanted to understand the progress on that part. Are we moving ahead with increasing the scripts over there? Or what kind of progress are we making over there?

Nehal Vora: So, if you see the SEBI press release, it clearly talks about this is regular beta phase. And they will see how many people have participated. Has there been any issues, et cetera. And based on that, we said we will take that call whether it has to be increased in what framework to how many stocks, et cetera. So those are all the nuances you should just pay attention to the press release, if any, which will get issued by SEBI in this regard.

Miraj: Understood. Perfect. But based on our technological developments, there are no hiccups in the process as of late?

Nehal Vora: It has been part of the ecosystem. So, we have seen it go fairly smoothly till now. There have been no issues at least from the CDSL. I can mainly talk about myself, but I think overall, I don't see there has been any issues.

Moderator: The next question is from the line of Madhukar from Nuvama Wealth.

Madhukar: Congratulations on a great set of numbers. Just a couple of questions from my side. First one is insurance repository, you mentioned. So INR20 per new account creation and INR25 is it per account maintenance or is it per policy? And second so but one account can have policies from many different insurance companies. So, who will pay that INR25?

Nehal Vora: I think I would request you can send us an e-mail. We don't have our insurance team in the room. If you can send across this query on e-mail, we will have it replied.

Madhukar: Okay. I'll do that. And the other thing is also, you in your annual report FY '23. I think the insurance repository revenue is about INR5 million. But obviously, the number of policies is a lot more. So, are you actually making that amount? That's the other question, if you can answer that.

Nehal Vora: Making that amount means? I didn't understand.

Madhukar: On a per policy basis, how much are you making? Or I mean, are the exact rates accounted.

Nehal Vora: I would recommend if you could send across your query. Again, see, it's a process of some policies are already there, which have to be taken from the insurance company. Some is getting newly opened. So, there are various variant nuances to that. I would again request you just send us your questions on the insurance repository, and we will have them replied.

Madhukar: All right, sir. And a couple of other questions on the online data charges moved up quite sharply. So, I wanted to know, is it majority, is it new account openings? Or is it more with steps? And I believe the total record created should be around 7 million right now. Can you sort of clarify that also? That will be helpful.

And finally, your other charges, what portion of it is regulatory charges? And they seem to be on the higher side. So, I wanted to understand what is the driver of that?

Nehal Vora: I'll ask Sunil to answer this.

Sunil Alvares: So, in the last financial year, both the number of records created and a number of records fetched have gone up substantially, which added to the overall KYC income.

What was the second question? Sorry, I didn't get that.

Madhukar: So, the number of records that we have right now, if you can look at that number?

Sunil Alvares: We actually don't give off that number. We don't give that number right now.

Madhukar: Okay. And the other charges, how much is the regulatory costs and the expenses are higher. So what is guiding that actually?

Girish Amesara: So, the regulatory cost, for the full financial year is almost INR38 crores in this financial year. And this is directly linked as a percentage of the operating revenue, so higher operating revenue, this charge would be on a higher side.

Madhukar: Okay. And what is the formula? Is it...

Girish Amesara: Regulation prescribes s that 5% of your operating profit needs to be contributed to the investor protection fund. So majority charge is on account of this number.

Madhukar: But it seems INR38 crores would be much more than that 5% number, right?

Girish Amesara: No. The contribution to investor protection fund is 5% of operating profit.

Madhukar: So, like your FY '24 EBIT is about INR462 crores?

Girish Amesara: No, you have to work out operating profits. It cannot be on EBIT.

Nehal Vora: The point is we're trying to make it as a formula, which has to be put in place to arrive at this 5%, which needs to be debited. It's not a straight application on the profit numbers.

Madhukar: Understood. I'll take some more details with you offline. And apart so that, I think is the main driver of the other expenses or are there other big drivers as well. What was this number last year? Last year, this number was how much was the regulatory number last quarter?

Girish Amesara: Last year, the regulatory cost was INR26 crores. This year, it is INR38 crores.

Moderator: The next question is from the line of Nikhil Agarwal from VT Capital.

Nikhil Agarwal: My question was on your transaction charges. They have significantly increased year-on-year as well as quarter-on-quarter. But the revenue per demat, if you calculate it in that manner, it's been quite volatile. I suppose the only component of that is other delivery charges that are deducted when a trade takes place in the delivery segment. Is that right? Or is there any other component to that as well?

Nehal Vora: No, the transaction charges consist of debit charges, pledge and margin pledge charges. So it's a combination of various other transactions which are happening.

Nikhil Agarwal: Okay. So the debit charges, like it depends on -- I mean, could you explain the reason for this volatility? I mean, if like one quarter, it was INR11 per demat, then it comes now towards I think it's INR6 per demat. If you could can you explain this volatility?

Nehal Vora: See, you are considering an incorrect number. Number of demat will not really work because people will open whether the transaction that demat or not will have to be the number of transactions which are occurring, which cost, so opening of demat can be opened at any point of time. CDSL does not earn any money out of that. The number of transactions which happened or the pledge transactions happened or the debit transaction happened, which contributes to this particular income.

Nikhil Agarwal: So, can you like give some metrics year-on-year, what has exactly changed? Like if you could give us the percentage of delivery turnover as a percentage of market turnover?

Nehal Vora: If you see basically the delivery-based volumes on the exchanges, there will be some amount of linkage to that because it's how much delivery is happening on the stock exchange platforms. It will lead to how many will have to happen.

Nikhil Agarwal: Can you quantify, I mean, last year what was it? And what is it currently in FY '24 on an average and FY '23 on an average, what does it looks?

Girish Amesara: In terms of revenue number?

Nikhil Agarwal: Yes. I mean in terms of the delivery turnover percentage and that you are mentioning.

Nehal Vora: You will get from the exchange website. You asked me how it should be computed but it's a combination. Again, you cannot have one number. It's a multitude of transactions, which are happening. How many pledging is happening? How many repledging is happening? How many revocations is happening? How many sales are happening.

You will have to look at how much is but that will not give you a 1:1 correlation. It will be depending on the volume in the market, how many are translating into delivery, how many will be margin pledges, etc., have been created. So, it's something which cannot be done as 1:1. That is all I'm trying to say.

Moderator: The next question is from the line of Sanketh Godha from Avendus Spark.

Sanketh Godha: Sir, Girish sir, I have few data keeping questions, which you usually disclose. Can you share the unlisted income in the annual issuer charges, pledge income in the transaction charges and impairment costs for the fourth quarter and the full year. That's the question number one.

And if you can repeat CAS income for the fourth quarter, it will be useful. I missed that number. That's my first question.

Girish Amesara: So total unlisted income for the quarter ended March is INR1,85,00,000. For full year, it is INR5.45 crores. Margin pledge income for the quarter is INR5.95 crores.

Sanketh Godha: Perfect. For the full year, sir? Sorry, if you can give the pledge income for the full year, sir?

Girish Amesara: Full year is INR17.5 crores.

Sanketh Godha: Okay. And if you can give impairment costs?

Girish Amesara: Sorry?

Sanketh Godha: Impairment costs.

Girish Amesara: I am on that. impairment cost is INR8 crores for the full financial year on impairment. And for the quarter, we have a reversal of INR1.11 crores.

Sanketh Godha: Okay. Okay. INR1.1 crores reversal. And then if you can tell me ECAS income, if you can repeat that to be.

Girish Amesara: ECAS income for the quarter is INR9.37 crores.

Sanketh Godha: Great. Okay. Just one data keeping. Next question, I had was largely with the tech cost. I understand that you need to increase in the tech and all those things, but from INR38 crores, it's going to INR63 crores is a meaningful jump in the current year. So the INR63 crores also included, included repository tech, insurance repository tech costs because you wanted to scale it up given the regulations are coming. And if that is the case, do we expect this number to tone down a bit going ahead, given we have already done 65% year-on increase in the tech cost in the current year. I just wanted to understand how should we look at this number going ahead?

Nehal Vora: See again, as I'm telling you, reforms are going to continue. There are going to be changes in the rules, the regulatory rules, there are going to be changes in newer products coming in. There is potential of growth, which is possible. So, it will be difficult. One is we don't give any future outlook. It is very difficult to really predict at this stage. We have to ensure that this is the bread-and-butter of CDSL.

Technology and people are its bread and butter. So, we have to not only ensure that the current state of volume is continuing, but even the potential future, which could potentially come in is kind of planned and factored in because building a technology platform, it takes its own time. And therefore, this is a process, which is continuously going to evolve as we are going to move forward. And we're going to get more and more sophisticated to ensure that the value proposition remains.

Sanketh Godha: Sir, but the INR63.3 crores for the full year, does it include something related to insurance, which you might have done as one-off in the current year, but might not be repeated in the next year.

Nehal Vora: The insurance is some part of it, a small part of it. Again, we'll have to see how it pans out. It will be difficult for me to give you a specific answer whether this will repeat again or not repeat again. It will have to be seen as to how the policy because the entire framework, as I told earlier, is getting evolved. We have to ensure that the technology is really up to speed to ensure that the value proposition remains.

Sanketh Godha: Sir, the reason I'm asking this question is that given insurance will be a new opportunity and it's a big -- onetime big opportunity, which will suddenly come in FY '25. Then are we required to do more than expected additional tech cost in FY '25 to fulfill the requirement of insurance? Or we are up to the mark with respect to that requirement.

Nehal Vora: Again, as I'm telling you that the insurance sector framework is evolving. It is not that it has evolved, and we are trying to build it. We are trying to repeat the same question again in different words. I'm trying to again and again tell you that we'll have to wait and watch. We will have to ensure. And as you have seen that we have kept the pace with what the volume is there to ensure that the technology is in sync with that. That's all I'm going to say.

Sanketh Godha: Got it, sir. And next question is on insurance charges. You said INR25 AMC and INR20 is eIA creation cost. But I believe these charges are very competitive. These are at cost, but actual cost when you onboard an insurance company, might be meaningfully lower? Or you strictly follow the rack charges when you open the annual issuance charges or AMC charges?

Nehal Vora: See, again, these are some things we don't put out in public domain. These are all things, which remains within our system. But however, if you have any specific question to the extent we put it out in the public domain, you send us an email, we will have it replied.

Sanketh Godha: Got it. Got it, sir. And on insurance, one more thing, compared to last year, if you're aware that how many number of companies AIF increased for us because we were predominantly in the past, a life insurance company -- tie up company. We had very limited exposure to general and health. And honestly, the bigger opportunity in the new norms, we are seeing in general insurance. Just wanted to understand whether we have...

Nehal Vora: The numbers, specific customers, type of customers, etc, we don't give out in the public domain. I would really request you that what we can, we can, what we cannot, we cannot.

Sanketh Godha: Got it, sir. And lastly, on capital market records, I think you published that number in the annual report. It will be great. I think last time also you said that number is 6.5 crores number of capital market records with the same KYC business. If you can spell out that number for the full year, it will be useful, sir.

Nehal Vora: Yes, we will see as part of the annual report, it will come out very shortly.

Moderator: The next question is from the line of Supratim Datta from AMBIT Capital.

Supratim Datta: This is a follow-up question. Just wanted to understand on the management transition. So I currently understand that a shortlist has been submitted to SEBI. Just wanted to understand what are the timelines? And do you expect SEBI to get back? And could you disclose who are on that shortlist as well? That would be very helpful.

Nehal Vora: So the process is on. It's a confidential list. And whenever there is a SEBI kind of a standard operating procedure at the time when it is required to be announced, CDSL would promptly announce that. So at this stage, it will not be possible to reveal but that is basically the SOP would not require us to do.

Supratim Datta: Okay. But how much time would this process typically take?

Nehal Vora: It will be difficult for me to answer that question. That is on the SEBI.

Moderator: The next question is from the line of Miraj from Arihant Capital.

Miraj: I just want to understand that the technological costs that we've taken for the T+0 settlement. Do we have to spend any more for the instant settlement part? Or have we already incurred that because that will be the next stage of development?

Nehal Vora: The constant process of evolution. So, T+0 tomorrow, there is instant but after sometimes there will be some other reform. So that will be a continuous process because the framework will have to be spelled out. And based on that, what is the cost on infra applications? All that will have to be assessed afer that. So, it will not be possible to specifically answer whether the costs have been incurred or not because it's a process of re-evolution at this stage in terms of how the framework will work in.

Moderator: 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: Yes. I would like to thank you for all your questions. I wish you all remain safe and secure. Thank you so much. 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. Thank you.