Central Depository Services (India) Limited

CDSL/CS/NSE/PSB/2022/34 February 14, 2022

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

Symbol: CDSL
ISIN: INE736A01011

Dear Madam/ Sir,

Sub: Analyst /Investor Call /Conference Call held on February 09, 2022

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

With reference to our intimation dated February 04, 2022 regarding the Conference call scheduled on February 09, 2022, please find attached the transcript of the aforesaid conference call.

The above information may also be 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

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Group Company Secretary & Head Legal
Enclosures: As above

"CDSL Q3 FY-22 Earnings Conference Call"

February 09, 2022

MANAGEMENT:	**MR. NEHAL VORA – MD & CEO, CDSL** **MR. GIRISH AMESARA – CFO, CDSL** **MS. NAYANA OVALEKAR – CHIEF REGULATORY OFFICER, CDSL** **MR. RAMKUMAR – CHIEF OF BUSINESS & OPERATIONS, CDSL** **MR. VINAY MADAN – CHIEF RISK OFFICER, CDSL** **MR. SUNIL ALVARES – MD & CEO, CDSL VENTURES LIMITED** **MR. NILESH KITTUR – AVP, CDSL** **MS. SANDHYA DUBEY – CDSL**
MODERATOR:	**MR. ANSHUMAN SINGH – AXIS CAPITAL LIMITED**

Moderator: Ladies and gentlemen good day and welcome to the CDSL Limited Q3 FY22 Earnings Call hosted by Axis Capital Limited. 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 '*' and then '0' on your touchtone phone. Please note that this conference is being recorded. 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 constructed as forward-looking statement must be reviewed in conjunction with the risk that the company faces. I now hand the conference over to Mr. Anshuman Singh. Thank you and over to you.

Anshuman Singh: Thank you Mike. Good morning, everyone. On behalf of Axis Capital, a very warm welcome to the Q3 FY22 conference call of Central Depository Service (India) Limited (CDSL). We have the management team of CDSL represented by Mr. Nehal Vora – MD and CEO, Mr. Girish Amesara – CFO, Ms. Nayana Ovalekar – Chief Regulatory Officer, Mr. Ramkumar – Chief of Business & Operations Mr. Vinay Madan – Chief Risk Officer, Mr. Sunil Alvares – MD and CEO, CDSL Ventures and Mr. Nilesh Kittur – AVP. Without further ado I would like to hand over the conference to the management for their opening remarks post which we can open the floor for Q&A. Thank you and over to you Nehal sir.

Nehal Vora: Thank you so much Anshuman. I would like to wish everybody a good morning and I will welcome you all to CDSL's third quarter conference call for the financial year 2021-22. I hope each of you and your loved ones are safe and healthy. I'm joined by the management team of CDSL Group. As in the previous quarters we have posted a detailed financial presentation on our website for your reference.

A strong performance in the December 2021 quarter is a direct result of deliberate steps we've taken towards strengthening our role in the financial ecosystem, the revised strategy of empowering the registered investors and providing services that are convenient and easy, enabled us to do more and retain our existing clients. We are happy to report that India has strengthened its overall participation in the Indian securities market as the overall number of registered investors or as we call as the Atmanirbhar Niveshak as on 8th February 2022 was 9.6 crore unique client codes on the stock exchanges which is a 57% increase from the same time of the previous year. Further the total number of Demat accounts across for the depositories in India as on January 31st, 2022, stood at 8.4 crores while CDSL enjoys a 70% market share at 5.85 crores. We are harnessing the benefits of a digital innovation and the presence carved out across years especially in the Tier-II and Tier-III cities. We have invented and invested in our business to build a truly diversified organization that performs across market regulations and with a commitment to serving the investors, all market infrastructure institutions, regulators, shareholders, and employees.

Speaking further on our business performance during the last 3 months, the number of new active beneficial owner account with CDSL has increased at about 91 lakhs, the comparative number of new beneficial owners for the quarter ending December 31, 2020, was approximately 28 lakhs and approximately 68 lakhs had increased in the quarter ended September 30, 2021. The number of active companies as on December 31st, 2021, was 17,748 which is an 11% year-on-year increase from 15,992. For the same period in comparison the value of securities and Demat custody increased by 47% to 37 lakh crores at CDSL as on 31st December 2021 from 25 lakh crores as on December 31st, 2020. We continue to provide services in line with transformation and requirements of the current time to promote digital initiatives as promoted by the central government. Further towards our efforts to make investors self-sufficient to make informed decision the CDSL investor protection fund had conducted 88 investor awareness programs in association with SEBI, other MIIs and depository participants.

Before I hand it over to our CFO Shri Girish Amesara, I just like to say that the growth of the Indian securities market is in an extremely encouraging sign, showing and is expected to show its true potential. I also want to take a brief moment to place our appreciation and gratitude to all our stakeholders, the regulators, depository participants, investors, issuers, and other market participants, as well as employees for their constant faith in us. Now I will request our CFO, Shri Girish to take out through our financial performance. Over to you Girish.

Girish Amesara: Thank you Nehal. Good morning, everyone. Speaking on our financials, we have seen a healthy growth in this quarter with a year-on-year performance with respect to net profit in terms of 55% increase. The total consolidated income for the December '21 quarter has increased by 59.73 crores which is 58% compared to December 2020 quarter. In absolute value terms we achieved 162.93 crores total income compared to 103.20 crores during the previous year same quarter. The consolidated net profit after tax for the December '21 quarter increased by 29.60 crores which is 55% growth over previous year same quarter. The absolute amount in value terms, it is 83.63 crores compared to 54.03 crores of previous quarter. On a standalone basis the total income for the December quarter has increased by 40.30 crores which is 50% over previous year same quarter. The absolute value is achieved at 121.55 crores compared to 81.25 crores for December 2020 quarter. The standalone net profit after tax for the December '21 quarter has increased by roughly 20.74 crores which is a 48% increase. In terms of absolute value numbers, the amount is Achieved at 63.77 crores during December '21 quarter compared to 43.02 crores for December 2020 quarter. Now I will handover dais to Sunil Alvares to take you through our operations of our wholly owned subsidiary CDSL Ventures Limited. Over to you Sunil. Thank you.

Sunil Alvares: Good morning, everyone. CVL had a very healthy performance in the last quarter. On the back of buoyant markets, KYC creation increased by 160% to 1.11 crores. The KYC fetch in CVL increased by 165% to 2.51 crores. The CKYC business increased by 83% to 15.19 lakh records. In terms of RTA companies, we have about 802 companies registered as of 31st December. On the GSP there was a slight drop in the number of records processed as compared to the previous year and on the operational income side for the period April to December 2021 we had income from Operations of Rs 99.35 crores as against Rs 48.69 crores during the period of April to December '20. The total income including other income was Rs 109.15 crores as compared to Rs 58.92 crores in the same period last year. With regard to expenses, it was at Rs 38.61 crores this year as compared to Rs 21.17 crores last year. Based on that the profit before tax was Rs 70.54 crores this year as compared to 37.74 crores which is an increase of about 87%. The profit after tax for this year was Rs 53.60 crores as against 29.33 crores which is a jump of 83%. With this I'll hand over back to Axis Capital to take over the questions.

Moderator: Thank you. We will now begin the question-and-answer session. We have the first question from the line of Mr. Prakash Kapadia from Anived Portfolio Managers.

Prakash Kapadia: A couple of questions from my end. I was just trying to understand more from Sunil. He mentioned about the KYC business doing well. If I look at nine months performance of CVL as per segment revenues, our revenues are up 104%. Could you give some more understanding? Is there some reduction in discounts, has pricing improved, has contribution of new folios increased as compared to the fetches and what would be the contribution from your initiatives, if you could give some more insights that will be helpful?

Sunil Alvares: So far as pricing is concerned, there is pressure on the creation charges. Currently CVL levies two charges, on creation and one is on fetch. There has been pressure on the creation charges with the increase in volume but the fetch charges have more or less remained the same and with the increase in volumes of fetch, that is added to the performance of CVL. Hope that answers your question.

Prakash Kapadia: So, it's the core business of fetch and new records which is driving the growth.

Sunil Alvares: Yes. Like what records get added at the end of the day at some point or the other they get fetched. So, in the buoyant market the number of fetches would be obviously higher. That would help the income grow at that point in time.

Prakash Kapadia: Any number of client records or folios you can share?

Sunil Alvares: At 31st December we had 3.92 cores KYC records in CVL.

Prakash Kapadia: If I look at our other expenditure for the nine months, could Girish comment on what heads are we seeing because there has been a 77%-78% increase in other expenditure ex of employee and the system maintenance costs. Because last year there were some one-offs due to COVID. What I'm trying to understand on the OPEX side, rent, business development, repairs, what are some of these which have seen a higher increase as compared to revenues?

Girish Amesara: Just to give a color of the expenditure, largely our expenditures are coming through operation related expenditure, employee cost, technology costs and contribution to investor protection fund which is basically regulatory cost. So, operation related cost largely covers the inter-KRA charge that we are required to pay in CVL. So that is one of the costs. We also have a cost on the SMS charges, SMS, and other alerts that we are supposed to send to the investors. That is one of the major contributor and rest are our normal contributor. Now regulatory cost is a function of the operating profit that we achieve. So higher the operating income our charge towards the regulatory costs will also increase because it is directly proportionate to our operating income. A specific 5% of our operating income has to be contributed to IPF. So roughly this is the structure of our expenditure.

Prakash Kapadia: Can you just share the breakup of larger revenue streams for the quarter?

Girish Amesara: Sure. I will do that. The transaction charge is achieved at Rs 52.70 crores as against Rs 30.95 crores. Our online data charges which is CVL's income is contributing Rs 33.62 crores compared to Rs 13.09 crores. I'm giving the comparison of this quarter and December quarter last year. IPO corporate action income has contributed Rs 23.41 crores compared to 6.95 crores and annual issuer charge income is contributing Rs 28.98 crores compared to Rs 21.69 crores. Then we have CAS statement charges which is contributing Rs. 4.42 crores compared to Rs 4.44 crores. Basically, this covers almost 88% to 90% of our operating income. Rest are contributing less than 1% or 1% which is settlement charges, inter KRA charges, e-KYC, c-KYC, documents storage charge, account maintenance charges. So, It won't be repeating those things. As I said is it's covering almost 88% to 90% of our operating income.

Prakash Kapadia: What will be the data provisioning number as on date, would you have that handy?

Girish Amesara: We have a provision for the nine months amounting to Rs 8 crores compared to Rs. 7.3 crores during nine months previous year.

Prakash Kapadia: In last quarter we had seen a jump in e-voting, is that continuing do you have that e-voting number.

Girish Amesara: The extension to conduct the AGM till December 31, 2021 was not provide unlike previous year, so whatever income that we had recorded till 6 months, apart from that we had an income of roughly Rs. 95 lakhs in this quarter. So, majority income has been covered during first two quarters, as far as companies are concerned. So, it is around Rs. 6.5 crores on 9 months basis, of which Rs 5 crores was already earned during the 1st half of the year.

Moderator: We have the next question from the line of Devansh Nigotia from SIMPL.

Devansh Nigotia: Just wanted to know if you can just elaborate on the investor behaviour, especially in Jan month when the IPO market was not as active as it was in December quarter and the secondary markets were also weak. But when we look on the month-on-month addition of the account, they continue to be really robust of around 29-30 lakh absolute addition and 5.5% month-on-month. If you can just throw some soft points, where are the investors heading, are these for mutual fund investments or for secondary market or IPO market, just some direction on the customer behavior if you can just elaborate on?

Nehal Vora: Basically, for mutual fund, Demat account is not mandatory, its optional and Demat account is used for secondary markets, for IPOs it is compulsory. So, it has multiple used cases. Therefore, also there have been news in the market about the LIC IPO. People in anticipation also would be kind of wanting to open a Demat account. That's a mandatory thing to do before you can apply in an IPO. I think it's culmination of variety of factors that whilst overall the market has been kind of range bound but the participation has gone up, both in terms of unique client code on the stock exchanges as well as on the Demat accounts getting opened on directly to the depository. I think it's in line with that and we are having more and more participations coming from Tier-II, Tier-III towns. People wanting to able to invest in this mainstream market. So, little bit difficult to point out whether it is IPO driven or it is secondary market driven or mutual fund driven. So, mutual fund is not compulsory as of now, it is optional to open a Demat account.

Devansh Nigotia: Directionally it looks like more from the LIC IPO directionally that looks like a direction of the addition. It is actually….

Nehal Vora: I am not talking only about the LIC IPO. Also, the other PSU IPOs, large other IPOs which are expected to hit the market. So, people use that, so that is one reason. Second is obviously the participation in the secondary market has also gone up and Demat account is a mandatory thing for anybody to participate in the secondary market. It's a combination of both these factors mainly and mutual funds wherever people opt for the Demat accounts that also kind of third contributory factor.

Devansh Nigotia: If you can just throw some light on how is this behavior very different from what we have seen historically when there are corrections, participation actually go down but since you are highlighting in recent months it has actually increased. What do you think has caused this change structurally or it's temporary?

Nehal Vora: I think the principal driver has been COVID, most of securities markets were continuing on without any kind of disruption and people had their savings which they could access without physically going to their brokers' offices so the online mode etc. So, if you see the digital platforms etc. have contributed to this growth and it's kind of an end-to-end process, right from account opening to transactions to placing of orders to the settlement process. It can be done from the comfort of your home and that's the ease of doing businesses, kind of encouraging more and more investors to come into the market.

Moderator: We have the next question from the line of Pranav Mehta from Valuequest.

Pranav Mehta: Firstly, just wanted to dig a little bit more deeper in this question on other expenses that somebody else also asked earlier. So, considering that we are a platform company we would have thought that no else our volumes expand or expenses should grow at a much slower pace than a revenue growth. But at least in the last couple of years as our volumes have really grown, other expenses have also gone up in sync with our revenue growth. So, a bit confused as to why there is not enough operating leverage in this line item. So, if you can just explain a bit more on that front? Secondly, few weeks back there was an exchange filing from CDSL that we are divesting our stake in our subsidiary CDSL IFSC Limited. So just wanted to understand our thought process behind their decision? Why would we divest our stake and give up any potential upside that can come through future developments in GIFT City?

Nehal Vora: The first question is that why there is no operating leverage? We are financial infrastructure company and there has to be investment in the technological platforms to ensure that the more sophisticated platforms are put in place. There are also certain regulatory requirements such as contribution to IPF, sending the SMSs which are connected to the number of transactions which are getting traded and that is directly connected with the growth in volumes which has happened. If you see the extent of the income growth is higher in terms of percentage is higher than the growth on the expenses because the expenses comprises of both certain fixed cost as well as certain variable cost which are connected directly to the volumes which I have just explained. The second question about the IFSC, the regulator out there the IFSCA felt that we should not, there should be a single kind of a depository and there is if you have a group formed to invest into the entire in ecosystem of the Gold Bullion including the depository. That comprises equal stakes to CDSL-NSDL-BSE-NSE as well MCX and therefore it was felt that rather than having competition, this group should be holding this entire shareholding of this particular thing because they only wanted one single kind of depository so that we can compete with the world. It's not that we are going to lose out because now we also have an exposure into the spot exchange for the gold and the clearing corporation. As a equal stakeholder we have exposure across the entire ecosystem. Since there is no competition whatever volume comes will come only to this one entity. So that was the reason.

Moderator: We have the next question from the line of Prayesh Jain from Motilal Oswal.

Prayesh Jain: Firstly, do you have anything to quantify in terms of how many accounts can be opened via the LIC IPO with the policy holding? Some understanding if you have and secondly, can give some understanding of with regards to penetration of Demat accounts across major cities and Tier-II-Tier-III cities as to what is the level of penetration of Demat accounts, where you have added? Country level we know it's around 5%-6% but how distinct it is with regards to Tier-I-Tier-II-Tier-III and beyond that cities? That will be helpful.

Nehal Vora: That is a futuristic question, will be difficult for us to assess how many policy holders will actually convert into opening of Demat accounts. We will have to only wait and watch as DRHP gets filed and that issue is launched thats how you actually translate into Demat accounts. I will not able to comment on that. As regards Tier-II-Tier-III we don't give out these numbers out in the public domain. It's kind of given as a holistic number which has been done but I can tell you that there is a general trend that there has been a higher participation from Tier-II-Tier-III towns as compared to the previous years.

Moderator: We have the next question from the line of Mayur L from ProfitMart Securities.

Mayur L: I just want to ask can you share your thoughts on demand forecast and how do you see a Quarter 4 now?

Nehal Vora: We don't give any futuristic outlook, future outlook so I am sorry. I will not able to answer that.

Moderator: We have the next question from the line of Pavan Kumar from RatnaTraya Capital.

Pavan Kumar: I wanted to just check the IPO income you said for the quarter was around Rs 36 crores, right? Payment casualty?

Girish Amesara: IPO income is Rs 23.41 crores in this quarter.

Pavan Kumar: And KYC charges are 36?

Girish Amesara: Rs 33.62 crores.

Pavan Kumar: If I wanted to split this between the fetches versus the new charges. What would that split be broadly?

Sunil Alvares: Normally the fetches constitute about 80% of the income.

Pavan Kumar: And can you just give us an idea of how the charges have varied for the fetches may be on a year-on-year basis?

Sunil Alvares: The fetches we charge Rs. 35 for fetch since inception that is since 2011. There is no changes since then.

Pavan Kumar: For the new ones how has the charges been varied over the last year-on-year basis?

Sunil Alvares: Basically, we charge Rs. 20 for a new record and over a period of time as the volumes have increased, there have been certain volume discounts given to intermediaries.

Pavan Kumar: Overall that has come down from Rs. 3-20, is it?

Sunil Alvares: Sorry?

Pavan Kumar: I didn't get that number clearly. How much was it originally?

Sunil Alvares: Our Rack rates are Rs. 20 for new KYC created and there are volume discounts given to large players based on the volumes created.

Moderator: We have the next question from the line of Prakash Kapadia from Anived Portfolio Managers.

Prakash Kapadia: We've seen a record account opening on the Demat side. What I was trying to understand if I look at the IT return data there are around 6 crores returns filed and there are already at 8.4 Demat accounts. Is PAN compulsory to open a Demat account or is Aadhaar enough?

Nehal Vora: No, PAN is compulsory.

Prakash Kapadia: As a trend, have we seen same PAN number opening more incremental accounts? Is that the trend or these are newer Demat accounts which we witnessed over the last year or two?

Nehal Vora: Overall, the trend is a newer Demat accounts getting opened, newer people overall.

Prakash Kapadia: Recently IT department has automated financial transactions to improve compliance. So, is it the depositories' responsibility to share data to the IT department or is it at the broker end which they have to report these transactions?

Nehal Vora: I think this has nothing to do with the financial performance of the company. This is more of a compliance issue. I think I don't see the link between the two on this question.

Prakash Kapadia: I was trying to understand because we have seen spurt and increase, government has automated AIS and return. Does the transaction get reported from our end or is it the?

Nehal Vora: All the MIIs have to report.

Prakash Kapadia: It's an entire market participants which is.

Nehal Vora: Yes.

Prakash Kapadia: That's what I was trying to get. Lastly there has been some newer initiative as an accreditation agency. Any sense on the business model or how will it work or the road ahead?

Sunil Alvares: Yes, basically we are looking at lot of wealth managers who would be registering their investors as accredited investors. We have just started out and we have just started sending out feelers to the market. We are in the process of finalisng our roll out for the same.

Prakash Kapadia: So here we will target guys who are registered as wealth managers or who are professionals and who can service others? I was just trying to understand the intricacy not the pricing more?

Sunil Alvares: See we will be working out on a detailed marketing plan whom to target. I will not be able to discuss out here because it's more a strategy thing for us.

Moderator: We have the next question from the line of Amit Chandra from HDFC Securities.

Amit Chandra: My question is on the revenue that we earn from our Demat account. Roughly if I see the revenue per Demat account is around Rs. 100-103-105 and that has been declining over the years but in the last 2 years it has been stable at Rs. 105 per Demat. But if I see for FY22 it has declined to Rs. 95 on a per Demat that you are earning. So, is it an indication that the people are opening accounts but the activity per Demat is actually coming down? So that is one thing. If we can throw some light that, how do you actually see that trend moving and what is that is causing that? Also, secondly on the exclusivity that we have with the online brokers so still we are enjoying that kind of exclusivity or are we seeing the other another combination also catching us and opening account for the online brokers?

Nehal Vora: On the first question Amit, it's the overall activities, the delivery days percentage has gone up significantly you see over year-on-year in the last 2 years on the exchanges. And by that directly got to do with the activity it is being done. I don't see a reduction in the activity. People maybe opening accounts and may not be doing that activity for some of the accounts you have taken an absolute number of an average but I think overall if you see the core delivery percentages, the core margin pledge percentages and margin pledge are new line of business. All this has significantly increased. That's why the quantum has really gone up over the last 1 or 2 years. And what was your second question?

Amit Chandra: Second question was on the exclusivity that we have with the online?

Nehal Vora: I think that I would not like to comment whether it's exclusive or non-exclusive but important thing as a company and as a management we are focused on ensuring the best technology platforms, the ease of doing business and then leave it to the market to figure out which of the platforms is good for them or not good for them and just take it from there. Our intent is not to have any kind of exclusivity or non-exclusivity, our important thing and our focus is to give the best product and to ensure that the platforms continue to remain extremely friendly to the final investor and then leave it to the market to figure out where they would like to go.

Amit Chandra: Now the second question is what is the pledge income that we have generated in this quarter? Are we seeing increased activity there? Also, as you mentioned that some part of the other expenses is mostly communication. If you can quantify what is the communication just because it has been increasing steeply because everything has to be authenticated by SMS. The SMS cost I think has gone up like significantly. So, if we can quantify that?

Girish Amesara: I will answer his question on the pledge income. In this quarter we have earned a pledge income of Rs. 4.11 crores and on nine-months basis we have earned a pledge income of margin pledge income of Rs.10.93 crores.

Amit Chandra: On the communication charges, whether increase in the other expenses a function of that or the regulatory expenses or the so what is driving that? If you can break up that?

Girish Amesara: In absolute value terms our SMS charges is roughly Rs 2.2 crores in the quarter compared to Rs 66 lakhs in the previous year same quarter. Yes, the contribution is slightly increased compared to previous year same quarter because our operating income has increased. Our contribution to IPF is around 3.84 crores compared to 2.20 crores in previous quarter.

Moderator: We have the next question from the line of Miraj Shah from Dalal & Broacha Stock Broking Private Limited.

Miraj Shah: I just had one question regarding the annual issuer charges the revision and annual issuer charges. It was supposed to happen in 2020 which happens every 5 years. Is there any update on when this will take place going ahead, any update on that?

Nehal Vora: We will have to see that because that's a joint proposal which sent by both the depositories to SEBI and SEBI will approve it. Post-COVID, COVID has not completely withered off. We see an opportune time and then we will be sending that. We have been an informal talks but I think that could not be worthwhile talking about at this stage. We see at an appropriate time that could be done.

Miraj Shah: Any chances that it could be done in this or in the coming financial year?

Nehal Vora: It will be difficult to answer. It's a futuristic question. We will have to see for this is what the SEBI will have to approve. I cannot really comment on the timelines as to when it will happen.

Miraj Shah: What would be the factor that SEBI would look at while devising the charges in this?

Nehal Vora: That would be difficult for me to answer that SEBI I cannot second guess what SEBI will look at but they will look at whatever is the cost and how much increase should be done. So, it will be difficult to comment on this also.

Moderator: We have the next question from the line of Paresh from Club Millionaire.

Paresh: Couple of questions Nehal, one is on the insurance repository. With the LIC IPO likely to happen and the regulators earlier mentioning before the pandemic that they would kind of review the process of having the e-insurance accounts post pandemic. Any update or any catalyst in terms of traction on the e-insurance accounts?

Nehal Vora: It remains voluntary. It's nothing is not, yet not made mandatory. And till it is made mandatory that's the time when the traction will take place. However, we will have to wait and watch in terms of how the entire space gets done or what would be the forward part of IRDA in terms of how they would be taking this forward. But as of now what remains is it's on the voluntary basis.

Paresh: The similar line. On the commodity repository, right? We currently only have basically only the agri warehousing receipts on electronic mode. Any progress as far as the non-agri is concerned? Again, what could be the catalyst for this to eventually happen? Any talks or any progress on that?

Nehal Vora: There have been certain policy decisions that all warehouses will now have to be basically done with commodities repository. They have to be register and I think when you see the WDRA also is looking at expanding the scope beyond the agri but that is again futuristic. We will have to wait and watch as and when it happens and agri is also extended to built to the non-agri.

Paresh: Finally, this was regarding the National Academic Project that we had, which we had to shelve it and which we are trying to start all over again. How has that been progressing given that now the pandemic seems to be easing out and schools are basically re-opening. Any progress or any update on that as well Nehal?

Sunil Alvares: As far as the Academic Depository Project was concerned, the MHRD had appointed Digilockers after our contract expired and we were offering this service as a private service provider. But, because of the pandemic most of the universities etc. are not open. So far it has been difficult to add numbers on that particular product.

Moderator: We have the next question from the line of Aalok Shah from MNCL Group.

Aalok Shah: I had a few questions more to do with trying to understand. When I look at number of life companies which is now at close to ,17000 odd and try and map that to the annual issuer charges, the growth numbers and so-called ratio income per corporate seems to have gone a bit higher. I am reading too much into it or we are able to get an increased issuer charges?

Nehal Vora: No, the issuer charges is constant but it is depends on the participation and number of folios also. As a participation goes up the folios also will go up and this in the overall space of listed company and accordingly the issuer charges is connected to that. The charges have not been changed.

Aalok Shah: It's basically that number folios which is gone up.

Nehal Vora: Yes.

Aalok Shah: And additionally do the corporates make your pact which is sitting into your IPO also get added into this bucket of 17,748?

Nehal Vora: These are that basically the total number. I will ask the CFO Girish to answer that. But as per my understanding this is a total set. Both listed and Unlisted

Aalok Shah: Girish I will have quick check with you. You spoke about cumulative data provisioning at close to 8 crores, YTD?

Girish Amesara: Okay.

Aalok Shah: No, I am just trying to validate. Is that the right number?

Girish Amesara: For nine-months or for December quarter you said?

Aalok Shah: I am okay with anything. Nine-months and I think you said 80 crores.

Girish Amesara: Nine-months provision was Rs 8.19 crores in the current financial year and Rs 7.34 in the previous financial year nine-months.

Aalok Shah: A quick check here as trying to understand the standalone number and quarter-after-quarter we are seeing significant improvement in the EBITDA margin profile there. And this also translates into implement in margin profile for the consolidated basis. I mean how do we look at this number? Is it that when other subsidiaries are there where there is a scope of further ramp up or we need to really look into those subsidiary wise businesses?

Nehal Vora: No there is also an operating efficiency angle which I mentioned earlier in one of the questions that there is certain variable cost, there is also fixed cost and operating efficiency. So that cumulatively contributes to the improvement in the EBITDA margins as we move forward.

Moderator: We have the next question from the line of Mr. Mehul Pathak who is an individual investor.

Mehul Pathak: Over the last 2-3 years we have started generating large amount of cash. The company's policy today is to distribute that cash through a final dividend at the end of the year and the money comes to us once a year and that too next year in August-September. Now if you see good companies, they try to keep only that much amount of cash that generates future growth and keep some amount of contingency funds. Now what is our driving philosophy in terms of how much cash you should retain, question number one? Question number two, what exactly is the policy in terms of interim dividends? Three I have noticed that companies that are growing and distribute dividends and thereby increase their return on capital ratios are generally rewarded by the market a lot better than companies that retain cash and earn single digit returns. These are my three questions.

Nehal Vora: First of all, we have an overall dividend policy about 60% of the operating profits gets distributed as dividends. We are a financial infrastructure company. So, the strength of the balance sheet is extremely critical as we take on large projects also. And as the number of Demat accounts grow, there are certain of these institutions which want to keep custody, look at the financial strength of the company and the minimum regulatory capital is Rs 100 crores. We need to have a significant multiple of that so that the companies seem to be extremely financially strong to weather any such conditions. That's number one. Number two there are new asset classes which are coming in which require kind of investment be it a spot gold that SEBI is planning to have issued the circular and it should be operationalized. And also, IFSC space where we will be continued to invest there to increase our number of the streams of the revenue. Your third question was the policy on interim dividend? There is no policy on interim dividend. There's a policy on the total dividend. A dividend should be declared at about 60% of the operating profit and the important thing is that we have a standard operating procedure. It becomes predictable and a person will be able to assess how much should be the dividend as he go forward. Once we reach a significant portion of our financial strength balance sheet size then we will see how whether this number needs to be further increase or decrease as the case may.

Mehul Pathak: I am not entirely convinced with your answer because I think you have more cash than what you need for all the needs that you have raised. Because more to recover.

Nehal Vora: We will take your feedback on record.

Moderator: We have the next question from the line of Pratik who is an individual shareholder.

Pratik: The first one is, in this quarter the other income part was showing some kind of a dip compared to the last quarter. So, any reason behind this drop? The second question is regarding Nehal so if you can throw some lights on like what are the new revenue streams which might move the top line growth in the next couple of quarters?

Nehal Vora: I will take the second question first and I will ask the CFO Girish to answer the first question. Future revenue streams is something which is again a futuristic answer so it will be difficult for me to give you that specific answer but we are in a space as a regulator whatever is kind of approves as a product in the securities market and which is linked to the depository becomes a source of revenue. As and when the changes happen in the regulations, we will see how the new revenue streams will come. It will be difficult for me to give you a specific answer on this. The first question asked was for Girish to answer.

Girish Amesara: Basically, our other income consists of investment income and other income largely from bad debts recovery and write backs. For other income, during September quarter, we had an write back, income which was recorded as a one-time income, around 2.5 crores. With respect to investment income our investments are largely made in fixed deposits and debt schemes of mutual funds. So, the reduction which you see on a quarter-to-quarter basis is due to the mark-to-market valuation of mutual fund based on the NAV.

Moderator: Thank you. As there are no further questions, I would now like to hand over the call to the management for closing comments.

Nehal Vora: I would like to wish all of you a very safe and secure time. Take care during these unprecedented times and thank you all for your questions. Wish you all the very best.

Moderator: Thank you. On behalf of Axis Capital Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.