Operator: Good day and welcome to the Central Depository Services (India) Ltd. (CDSL) Q1 FY27 conference call hosted by HDFC Securities. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal the operator by pressing star followed by 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 that reflects CDSL's outlook for the future or that could be construed as forward-looking statements must be reviewed in conjunction with the risks that the company faces. I would now like to hand the conference over to Mr. Amit Chandra from HDFC Securities. Thank you, and over to you, Mr. Chandra.

Amit Chandra – HDFC Securities: Thank you, and good afternoon, everyone. On behalf of HDFC Securities, we welcome you all to the CDSL Q1 FY27 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 from the management team. We will start the call with a brief overview of the quarter by Mr. Nehal Vora, and then we will open the floor for the question-and-answer session. Thank you, and over to you, Nehal.

Nehal Vora – MD & CEO: First of all, thank you, Amit. A very good afternoon, and welcome, everyone. I hope each of you and your loved ones are safe and healthy. Thank you for joining us today to discuss CDSL's financial results for the first quarter of FY27. A detailed investor presentation has been uploaded on our website, and I hope you have had an opportunity to review it.

I am joined today by the leadership team of the CDSL Group. Let me begin with a brief overview of the quarter before the CFO takes us through the financial performance in greater detail.

From an industry perspective, activity levels in the securities market remained healthy. CDSL opened about 58 lakh new demat accounts during the quarter, taking the total demat accounts on the CDSL platform to 18.59 crore as of June 30, 2026, while maintaining a market share of approximately {? 80% ?}.

The quarter also saw a few important developments for the organization. During the quarter, our governing board and shareholders approved the appointment of Shri Amit Mahajan as Executive Director, Vertical 1, and Shrimati Nayana Ovalekar as Executive Director, Vertical 2. The shareholders' approval happened after SEBI had given these approvals to CDSL.

These appointments are expected to further strengthen leadership across our operations, technology, regulatory compliance, risk management, and investor-facing functions.

We were also honored to receive several recognitions during the quarter, including being named the Most Innovative Fintech Company in Asia Pacific by Global Finance Magazine and receiving the Innovation and Settlement Efficiency Award at the Global Custodian Leaders in Asia Custody Awards. These recognitions reflect the efforts of our employees, depository participants, and wider ecosystem stakeholders.

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Coming to our financial performance, CDSL reported standalone income of {? 327 crore ?} and standalone net profit of 144 crore for Q1 FY27. On a consolidated basis, total income stood at 341 crore and net profit at 118 crore.

CDSL has also made a strategic investment in Sahamati Foundation, an RBI-recognized self-regulatory organization for the account aggregator ecosystem.

As India's securities market continues to deepen, our focus remains unchanged: strengthening core infrastructure, improving service quality for our participants and issuers, supporting investors through awareness and education initiatives, and building capabilities for the future.

We remain grateful to our regulators, SEBI and the Ministry of Finance, and all other regulators, depository participants, issuers, investors, market intermediaries, shareholders, and employees for their continuous support and trust.

With that, I now hand it over to the CFO, Girish, to take us through the financial performance in greater detail. Thank you, and victory to India.

Girish Amesara – CFO: Thank you, Nehal. Good morning, everyone. I'll start with standalone performance. For the June 2026 quarter, total income was 326.51 crore, as against 312.36 crore for the corresponding quarter of the previous year. Standalone net profit for the June 2026 quarter was 144 crore, as against 152 crore for the corresponding quarter of the previous year.

Please note that other income in the standalone financial results includes the dividend received from the subsidiary, which was {? 39.50 crore ?} in the June 2026 quarter, as compared to 62 crore in the corresponding quarter of the previous year. The said dividend is eliminated on consolidation, as it was received from a subsidiary.

On a consolidated basis, total income for the June 2026 quarter was 340.50 crore, as against 295.14 crore for the corresponding quarter of the previous year. Consolidated net profit for the June 2026 quarter was 118 crore, as against 102 crore for the corresponding quarter of the previous year.

With this, I'll request Sunil Alvares to take us through the CVL numbers. Thank you, and over to you, Sunil.

Sunil Alvares: Good afternoon. During Q1 FY27, CVL reported revenue from operations of 45 crore, as compared to 36 crore during the same period last year, reflecting growth of 8 crore or 22%. The growth was largely driven by improvement in our other businesses and other digital service offerings.

Total income for the quarter stood at 50 crore, as against 43 crore in Q1 FY26, an increase of 7.6 crore or 18%. On the expenditure side, total expenditure increased to 34.67 crore from 26.43 crore, which was up by 8.23 crore or 31%.

As a result, profit before tax stood at 15.68 crore, compared to 16.61 crore, a decline of 4% or 62 lakh. Profit after tax was 12.11 crore, as against 12.59 crore.

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Management: ...7.4 in the corresponding quarter of the previous year, which was a decline of 59 lakhs or 5%. With this, I would open the floor for the question-and-answer session. Thank you.

Operator: Thank you. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question comes from the line of Amit Chandra with HDFC Securities. Please go ahead.

Amit Chandra – HDFC Securities: Thank you for the opportunity. My first question is on the annual issuer charges growth. We have shown year-on-year growth of 12.3%. However, considering the IPOs that we have received and the IPOs that came last year, the expectation of growth was much better compared with what we achieved last year in terms of year-on-year growth for the first quarter. Are there any reasons why this growth is lower? Also, if you can give us the number of folios this year versus last year, that would be helpful.

Management: Basically, Amit, issuer charges are formula-driven. They are based on the folios that are actually there, so the numbers reflect the folios that we have had. I'll ask the CFO, Girish, to give us the folio numbers.

Girish – CFO: Amit, the folio count is 11.56 crore versus 10.65 crore in the corresponding quarter of last year. Incrementally, this year's folio count is 91 lakhs versus {? 38.73 ?} crore.

Amit Chandra – HDFC Securities: Okay. Secondly, on the KYC income, we had the pricing reset in this quarter. Based on the reset math, the impact would have been in the range of 20% on pricing only. However, the impact here is lower than that. Is it offset by volumes, or are there some other factors leading into it in terms of the pricing impact that you had in KYC?

Management: I'll ask Sunil to answer this.

Sunil: Amit, there are two things that offset that. One was the higher fetch volume, so the actual impact was lower, at about 9%. Also, when the charges were reduced by SEBI, they allowed us to charge on the search API, which again gave us some revenue and reduced the overall impact. I hope that answers the question.

Amit Chandra – HDFC Securities: Okay. The last question from my side is regarding technology expenses. We have seen technology expenses going up every quarter. However, in this quarter, we have seen some stability there. Is it fair to assume that most of the heavy lifting in terms of technology spending is behind us and that, from here, we can see a steady-state increase in technology expenses?

Management: Firstly, we do not give future statements or forward-looking statements. However, as I have said in various investor calls, we are an infrastructure company. Technology and human resources are the two key components that are, in a way, the raw material, work-in-progress, and finished goods.

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The important thing is to ensure that the value proposition continues to remain. Rather than looking at it quarter-on-quarter, you have to look at the growth in stakeholder interest, the number of accounts growing, and whether that value proposition remains intact.

Whatever it takes to ensure that the value proposition continues is our effort and our intent in taking this forward. Therefore, it will be difficult to comment on whether technology spending will grow or not grow in the future. We do not give forward-looking statements. However, in the overall scheme of things, whatever is required to be done to ensure that the infrastructure continues to remain relevant and value-proposition-driven, we have to do whatever it takes for that.

Amit Chandra – HDFC Securities: Thank you for that. I just wanted to understand whether whatever we had planned in terms of technology spending has already been completed. I am not asking for future guidance, but as of now, have most of the advancements required under the regulations been completed?

Management: The regulatory requirements keep changing according to the needs of the market and what is required. Technology is also changing very rapidly. Our intent is to be nimble and very active in ensuring that best-in-class technology continues to remain active on the CDSL platform. That is our intent.

It is difficult to answer whether it has reached that stage or not, because the environment itself is changing so much. Based on that, we will have to wait and observe how it will impact the quarters to come.

Amit Chandra – HDFC Securities: Okay, sir. Thank you, and all the best.

Management: Thank you. Thank you.

Operator: The next question comes from the line of Hiral Parekh with Dolat Capital. Please go ahead.

Hiral Parekh – Dolat Capital: Thank you for taking my question. My first question is regarding competition. Competitors have mentioned that they have seen more traction with fintech brokers after making certain technology changes that have reduced onboarding friction.

I was also looking at some data. While we have maintained our market share in terms of total demat accounts, we have lost about 420 bps in incremental demat market share since the end of March. It stood at 81.4% in June 2026. How are we viewing this in light of how fintechs are interacting with depositories?

For my second question, could you help us understand the movement in other income in this quarter? If possible, could you provide a broad split across {? CAS ?}, e-voting, income from unlisted companies, and pledge income, as well as any one-offs? Also, how much of this was driven by MTM gains?

Management: On your first question, Hiral, I think I will repeat what I said in response to the first question. We are an infrastructure company, and our intent, at least for CDSL, is not quarter-on-quarter growth. It is long-term sustainable growth that creates a value proposition for

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the market.

Growth in demat accounts is a function of various factors and how the market perceives the overall growth. The important thing is that intermediaries and investors should continue to believe in and feel the value proposition of the CDSL platform.

I would see this as continuous work-in-progress, quarter-on-quarter, in terms of how we make our systems better from a value proposition perspective. The numbers are one thing that we observe, but more important is how we ensure that the people accessing the CDSL platform continue to feel the value proposition whenever they want to access it.

For the second question, I'll ask Girish to answer.

Girish – CFO: The breakup of other income consists of consolidated account statement-related fees of around 14.80 crore, e-voting income of 6.32 crore, and investment mark-to-market-related gains and other income accrued on investments of 43.8 crore.

We have other operating revenue of 6 crore, which largely includes user facility account maintenance charges, document storage charges, and foreign investment limit monitoring charges. Lastly, we have other income of 3.94 crore. This totals 75 crore on a consolidated basis.

Hiral Parekh – Dolat Capital: Thank you so much, sir. Just one more question. Employee costs were up by close to 30%. In case this consists of some bonus provisions, could you give us a broad split between the underlying increase and the increase in bonuses?

Management: We do not provide these numbers in the public domain, but typically the year-end appraisal process contributes to some extent.

Hiral Parekh – Dolat Capital: Okay. Thank you so much, sir.

Management: Thank you.

Operator: The next question comes from the line of Swarnab Mukherjee with 361 Capital. Please go ahead.

Swarnab Mukherjee – 361 Capital: Thank you for the opportunity. First, I wanted to understand the KYC revenue in a little more detail. As you mentioned, there was a dispensation by SEBI. Could you explain what exactly this was and until what time it was allowed, so that we can get a sense of the normalized rate?

Could you tell us until what time you received the additional revenue and what the amount was? You also mentioned higher volume. Was this more on the fetch side? Could you perhaps provide some color on the blended realization for new and fetch, perhaps toward the end of the quarter? That would be very helpful. That is on the KYC side.

Secondly, regarding our treasury book, could you share what proportion of the assets is in equity or equity-oriented mutual funds?

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Lastly, some data-keeping questions: in annual issuer charges, could you give us the amount of unlisted-related revenue and break it up between processing fees and recurring fees? Also, could you provide the pledge income? Thank you.

Management: We do not provide some of that information. I'll ask Sunil to answer the first question and the CFO, Girish, to answer the second and third questions.

Sunil: You asked about SEBI's directive. The charge for fetch was earlier 35 rupees, and it was reduced to 25 rupees. There was a reduction of 28%-29%. Regarding the charge for creation, it was around 20 rupees and was reduced to 5 rupees, which was a reduction of about 75%.

However, overall, during the quarter, the volumes were good, and that is how we were more or less able to maintain our performance compared with Q1 of last year.

In terms of the other charge that SEBI allowed us to levy, it was on a search API. Every time somebody searches for a particular PAN, a small charge of 25 paise is levied. That resulted in some income, and overall, the numbers are what we have already indicated to you. I hope that answers the question.

Swarnab Mukherjee - 361 Capital: Just a follow-up on this, the search API-led revenue. This will continue going forward, and can you perhaps share a proportion or quantum of that?

Sunil: It will continue, but right now I am not able to give you the overall details included in the total KYC income.

Swarnab Mukherjee - 361 Capital: Okay. Regarding the rack rate, as we know it has gone down in KYC, has the actual eventual chargeable rate that you are charging also gone down by a similar quantum?

Management: Obviously, you have to follow SEBI's directive, right? And that has to be followed by all the... [crosstalk]

Sunil: ...KYRAs. It is not only CDSL.

Management: ...It is industry-wide. It is an industry-wide circular, so everybody has reduced their charges accordingly.

Swarnab Mukherjee - 361 Capital: I meant that, eventually, in terms of what you were realizing, if you provide some volume discount or anything to any customer, has the realizable rate also gone down at the same level?

Management: We do not actually discuss this in our investor call.

Swarnab Mukherjee - 361 Capital: Okay, sir. Thank you very much, and all the best.

Operator: The next question comes from the line of Sanket Godha with Avendus Spark. Please go ahead.

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Sanket Godha – Avendus Spark: Thank you for the opportunity, sir. My first question is on the unlisted segment again. You said that the 38.73 crore account folio count appears to be growing at 17% year-on-year compared with last year, but the overall growth is only 12%. Is it fair to understand that the relatively lower growth is largely because of the unlisted component?

Management: If you compare it on a quarter-on-quarter basis, yes.

Sanket Godha – Avendus Spark: Understood. In the unlisted opportunity that we had last year, with the MCA changing certain threshold levels, are the numbers that you mentioned in the current call likely to remain the same going forward? Perhaps not the exact number, but is that the new normal that we should expect? Is that a fair way to understand it?

Management: Again, it is difficult to give a forward-looking statement, but it is all driven by the overall regulatory intent of ensuring that more and more companies come into the fold of the depository. We will see how and in what manner this increases in a phased manner. We are not able to provide anything specific, but the overall regulatory intent is there.

Sanket Godha – Avendus Spark: Regarding the CVL business, you said the Search API charge for a PAN card is 25 paise, if I understood correctly. That is the charge you want to levy, right?

Management: Yes, understood.

Sanket Godha – Avendus Spark: Okay, understood, sir. I have the last 2 questions. First, can you give us the impairment loss number that you typically provide every quarter? Second, again on CVL, in the initial remarks you said that although the charges were lowered, you benefited from other digital services. Are you saying that you received a steady project that helped neutralize that impact? Alternatively, could you provide a breakup or some color on the 45 crore, broken down into pure KYC and perhaps some other source of revenue that you typically receive?

Management: The impairment cost/debtor provision was 2.22 crore in this quarter. What Sunil explained regarding CVL-related income is purely KYC-related income, which we explain to you every quarter.

Sanket Godha – Avendus Spark: I understood that, sir. In the initial comments, Sunil said that there were other digital services.

Management: It is part of the online data charges that we normally provide as a disclosure.

Sanket Godha – Avendus Spark: Understood, sir. That is all from me. Thank you very much.

Management: Thank you.

Operator: The next question comes from the line of Madhukar with JP Morgan. Please go ahead.

Madhukar – JP Morgan: Good afternoon. Thank you for taking my question. I joined a little late. What is the folio count for last year? I am not sure whether you have given that number.

Second, we were also in the process of being able to issue the ISINs. I wanted to get an update on that. Do we have that capability now? Are we doing that for unlisted companies?

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Third, employee expenses have gone up materially both year-on-year and quarter-on-quarter. Should we expect this number to be our run rate for the rest of the year? Thank you.

Management: I'll answer your third question first. As you can see, the number of employees has grown year-on-year, and that is a function of the increasing complexity and scale of operations. We are very mindful of whatever is required.

Regarding the quarter-on-quarter movement, this is because of the year-end appraisal. We follow a financial-year appraisal cycle. The appraisal was completed in the quarter that has just ended, and all the variable pay and other components were paid in this quarter. You can review the trends for the corresponding quarters of previous years to understand how the employee cost trend works.

For the first question, I'll ask Girish to speak.

Girish: The folio count that we achieved this year is 38.73 crore.

Madhukar – JP Morgan: Okay.

Management: Regarding the ISIN, we are again in active engagement. It has not yet gone live, and it needs to go through its processes. When it goes live, we will definitely make the necessary announcement.

Madhukar – JP Morgan: Understood. Last year, the number was 33.2 crore for the folio count, right? 33.2, yes. Okay.

Girish: Yes, correct.

Madhukar – JP Morgan: Fine. Thank you very much.

Operator: A reminder to all participants: you may press star and one to ask a question. The next question comes from the line of Neerav Toshniwal with UBS. Please go ahead.

Neerav Toshniwal – UBS: Regarding KYC and the Search API, could you provide more color on the particular plans, as you mentioned that it applies to some particular plans and not across the board? Could you provide more color on how much volume it can generate every quarter, what the run rate could be, and how much benefit we have derived or received, or may continue to receive, because of this? It may even out the impact of the RT, which would be very helpful.

Management: We do not provide future or forward-looking statements. I'll ask Sunil to supplement this, but that is the first point. The second point is that this measure has just taken effect from this quarter, so you may want to observe it over the next few quarters to see how the volumes develop. We generally do not provide future or forward-looking statements. Sunil, if you want to add anything?

Sunil: I will supplement this with the current volume and how we have been able to generate this income of 2.45 crore. It would be very difficult to pinpoint this because, after this rate was levied on them, many intermediaries started fine-tuning their systems, and we have seen a considerable drop over the second and third months.

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We are waiting for the volumes to stabilize. Then we will have a fair idea, because earlier people were conducting a PAN search once, perhaps 20–30 times a day. That will now come down significantly; that is our reading of the situation. We will have to wait for one more quarter to really see where it stabilizes.

Neerav Toshniwal – UBS: That is helpful. Also, are there any further measures that we can take to reduce the impact on the RT further? For example, the intent charge or any other charge? Additionally, could you touch upon Unified KYC, as we discussed earlier?

Sunil: Regarding Unified KYC, we are in the process of integrating with CERSAI, and we are in the process of testing the systems and everything else. It will happen, but I cannot give you an exact date by which it will happen. It depends on when their systems are made available to us and when we actually go live.

These discussions are also taking place between the regulator and CERSAI. Once we get a clear picture of the process that we should follow, although it is more or less defined, and once we test the system to see whether we are following the processes that have been decided, we will be able to tell you with greater clarity.

Neerav Toshniwal – UBS: Will this RT sustain, or will it go down further once Unified KYC takes place?

Sunil: You are again asking a forward-looking question, which is very difficult to answer because this is only the first quarter. I have already told you that we will have to wait for another quarter to see what really happens.

Neerav Toshniwal – UBS: Understood. Are there any other measures to make up for the loss in RT that we can undertake apart from the Search API?

Management: Again, you need to observe the general trend. It is driven by market volumes and rates, so it is a mixture of both. As overall activity increases or decreases, that is how the functionality works.

The overall intent is that we are a market infrastructure company. We are focused on creating a value proposition through CDSL and its subsidiaries and providing continuous value to customers, because this is a way of life going forward. That has been our main focus in how we function.

Neerav Toshniwal – UBS: Okay, understood. Thank you, and all the best.

Management: Thank you.

Operator: The next question comes from the line of Swarnabha Mukherjee with 361 Capital. Please go ahead.

Swarnabha Mukherjee – 361 Capital: Thank you for the follow-up opportunity. I wanted to understand a couple of things. You mentioned that, in unlisted revenue, issuer revenue is 0.3 crore. Did I understand that correctly?

Management: Yes.

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Swarnabha Mukherjee – 361 Capital: Last quarter, it was 3.5 crore, while the processing fee last quarter was 3 crore, and this quarter it is around 2.3 crore. I wanted to understand whether the universe of unlisted companies has changed because of the regulation. Why are we seeing an impact on issuer revenue? I had thought that the application processing side might see some impact. Could you help me understand what is playing out here? That would be very helpful.

Management: Normally, we receive a question on this call regarding the unlisted revenue earned from companies admitted during the quarter. I have provided that figure. Normally, we do not provide a breakup of listed and unlisted annual custody fees because we do not track them in that manner.

Swarnabha Mukherjee – 361 Capital: Okay, this is very clear. Thank you, sir, and all the best.

Management: Thank you.

Operator: Participants, you may press star and one to ask a question. The next question comes from the line of Prayesh Jain with Motilal Oswal Financial Services. Please go ahead.

Prayesh Jain – Motilal Oswal Financial Services: I am asking this question again in case it has already been repeated, as I joined a bit late. Regarding computer- and technology-related expenses, after a few quarters we have seen stability in that number. Is it fair to think that we are now closer to peaking in our investments in this area and that, from here, it will be more of an inflationary spend, allowing us to see operating leverage benefits?

Management: As part of the overall ecosystem and as part of Motilal Oswal, technology is something that continuously evolves. It is very difficult to predict whether we have reached the top end of technology spending or not.

The important thing is the intent to ensure the value proposition for all stakeholders and to ensure that newer products and platforms being introduced are incorporated into the CDSL ecosystem.

We do not provide future or forward-looking statements. However, technology spending is a function of the overall products that will be introduced in the future and the newer products on the technology side that are being introduced, as well as how much of that can be implemented at CDSL. That will determine the level at which technology spending will persist in future quarters.

Prayesh Jain – Motilal Oswal Financial Services: Why is the tax rate so high in this quarter?

Management: We have a tax rate of 25.17%, so we are within that.

Prayesh Jain – Motilal Oswal Financial Services: Okay. The second and last question: could you give us a breakup of your cash investments, including how much is in equity and how much is in debt instruments in some form? Is the sharp increase in other income largely driven by that? I just wanted to understand the color of the investment book and the reasons for the sharp jump in other income.

Nehal Vora: We have an internal investment policy. We follow that policy, and normally we do not discuss the breakup of the various instruments in which we have made investments. What I can tell

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you is that we do not invest in equity schemes of mutual funds. Apart from that, we invest in whatever is available in the market, as per our investment policy.

Prayesh Jain – Motilal Oswal Financial Services: What drove this jump in the mark-to-market gain during the quarter?

Nehal Vora: Mark-to-market gain during the quarter.

Prayesh Jain – Motilal Oswal Financial Services: Understood. Thank you, and all the best.

Nehal Vora: Thank you.

Operator: Ladies and gentlemen, we will take that as the last question for today. I would now like to hand the conference over to Mr. Nehal Vora for the closing comments.

Nehal Vora: I would sincerely like to thank all of you for your participation. Please continue to remain safe and healthy. Thank you, and victory to India.

Operator: Thank you, sir. Ladies and gentlemen, on behalf of HDFC Securities, that concludes this conference call. Thank you for joining us, and you may now disconnect your lines.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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