National Sec.Deposit

Operator: Good day and welcome to National Securities Depository Ltd. (NSDL) Q1 FY27 earnings conference call. 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 the conference call, please signal the operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Arzoo Khandelwal. Thank you, and over to you, Ms. Khandelwal.

Management: Good afternoon, and welcome, everyone. Thank you for joining us today to discuss NSDL's Q1 FY27 financial and business performance. The recording of today's earnings call and the transcript will be uploaded on our website under the investor relations section. The financial results, investor presentation, and press release are also available on the website.

For today's call, NSDL is represented by Mr. Vijay Tandok, Managing Director and Chief Executive Officer; Mr. Jigar Shah, Chief Financial Officer; Mr. Sameer Patil, Chief Business Officer; Mr. Kothandaraman Prabhakaran, Chief Technology Officer; Mr. Prasant Vagal, Chief Operating Officer; Mr. Rajiv Gupta, Managing Director and Chief Executive Officer of NSDL Database Management; Mr. Abhijit Kamalapurkar, Managing Director and Chief Executive Officer of NSDL Payment Bank; and myself, Arzoo Khandelwal, from investor relations.

The leadership team will give us a brief overview of the operational and financial performance of the quarter gone by, which will be followed by a Q&A session. With this brief introduction, I now invite Mr. Vijay Tandok for his opening remarks.

Management: Thank you very much, Arzoo. Good afternoon, ladies and gentlemen, and a very warm welcome to all our shareholders, investors, and analysts joining us today for our Q1 FY27 earnings conference call. I sincerely appreciate the continued trust that our 8.9 lakh valued investors and shareholders have placed in us. Since our listing almost a year ago, we have remained focused on delivering sustained growth, strengthening our market position, and creating long-term value for all our stakeholders. I am pleased to have all of you with us today as we discuss our performance and progress for Q1 FY27.

Let me begin with a brief overview of the market environment because I believe it is important to understand the company's performance in the context of the environment, specifically the environment in which we operate.

Starting with the market update, the West Asia conflict, as all of us are aware, eased during Q1 FY27, supporting lower oil prices, stabilization of the rupee, and improved market sentiment. In such a context, the Nifty 50 rebounded strongly, gaining 6.6% during the quarter. However, renewed hostilities in July have revived geopolitical and crude price risks.

During the quarter, what stayed consistent was who was buying and who was selling. FPIs remained net sellers for the third consecutive quarter, whereas DIIs remained strong buyers and continued to provide support to the markets. Amidst this situation, the investor base continued to expand as far as our market is concerned, with nearly 70 lakh new demat accounts being added in Q1 FY27 versus 67 lakh added in the same quarter of the previous year. With this addition, the total demat account count for the industry has now crossed 23.16 crore, which is up 16.3% on a YoY basis. After a

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relatively muted IPO market in Q1 FY27, activity is expected to pick up for the remaining part of the calendar year, based on the pipeline that we see.

With that context set, let me turn specifically to NSDL. During the quarter, we continued to make progress across our key focus areas of operational efficiency, investor experience and awareness, and accessibility. Let me highlight a few notable developments.

On the business front, our Yuva, or Youth Plan, and the Women's Demat Plan, under which we have made settlement charges zero for the first 3 years for a new entrant opening an NSDL account, continued to gain traction. Together, they accounted for about 18-20% of our incremental demat additions in Q1 FY27.

NSDL also enabled special tagging of Swagat FPI, a single-window automatic generalized access for {? trusted financial foreign investors ?} framework for FPIs and FPCIs in NSDL. It focuses on ease of doing business through simplified onboarding, a reduced compliance burden, and 10-year registration validity for foreign investors. A lot of easing was carried out during this quarter.

NSDL conducted investor awareness programs online, offline, and in hybrid formats in association with corporates, defense services, educational institutions, and women-focused forums, covering a very diverse set of investor segments nationwide. In Q1 FY27, NSDL conducted over 157 IAPs, or investor awareness programs, reaching more than 8,000 participants across 10 states and union territories in multiple languages.

The focus during the quarter was also on increasing the utilization of the 40-plus APIs that we launched for DPs during the previous quarters. I think we had briefed you about this earlier. This helped us improve our customer experience and increase our market share in demat accounts, which I will discuss shortly.

Further, during the quarter, the board approved an investment in IIBH, which is a subsidiary in GIFT City, which is an associate—I'm sorry—in GIFT City, with NSDL holding a 20% stake in that company.

We also recently welcomed Mr. Subhash Kelkar as our Executive Director, Critical Operations. He brings nearly 33 years of leadership experience in technology and capital markets and most recently served as the CTO of the Bombay Stock Exchange. He joins us as an executive director on the board of NSDL.

On the operational front, during the quarter, the total number of demat accounts for NSDL reached 4.56 crore. We also crossed 317 depository participants, with DP additions in Q1 FY27 alone being 6. Last year, we added 21, which was a record, and in Q1 FY27, we added another 6. We provide services to these investors through more than 57,000 service centers and branches in more than 2,000 cities and small towns.

As we speak, we hold about 86% of the value of custody, managing about US$5.7 trillion, or about 535 lakh crore rupees of securities, of which 80% is equity. Our incremental market share in net demat account additions for Q1 FY27 increased to 17.6%, up from Q4 levels of about 14% and Q1 of last year at about 15.5%. On both a sequential and YoY basis, there is a clear improvement. This improvement reflects a steady pickup in account additions and the various efforts we have been

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making to add new DPs, improve our customer experience, and add APIs. We had 12.4 lakh net account additions during Q1 FY27 compared to 10.54 lakhs added at the same time last year.

We continue to expand our issuer base, and we have now crossed 115,000 issuers within the NSDL ecosystem. Our e-voting platform has helped many leading companies offer e-voting services to their shareholders, empowering them to exercise their voting rights electronically. The number of events conducted during the quarter increased to 900 compared to 794 during the same period last year. As a result, our e-voting market share increased to 64% in Q1 FY27 from 61% in Q1 FY26.

I will now take you through some of the key financial outcomes, which are readily available on our website and which I am sure all of you have seen. I will just highlight a few aspects.

At the outset, I would like to mention that NSDL's performance is best assessed on a YoY basis and not on a sequential basis. This is because of the seasonality inherent in our business, which includes products such as e-voting and dividend income from subsidiaries that are concentrated in specific quarters.

In this context, our total income stood at 219.7 crore compared to 190.4 crore in Q1 last year, up by about 15.3%. Profit after tax stood at 89.1 crore compared to 82.6 crore in Q1 FY26, up by 7.9%.

I wish to highlight that our standalone margins have seen some moderation compared to previous periods. This is largely on account of the investments we have been making across the focus areas we have discussed, namely strengthening technology resilience and cybersecurity, enhancing customer experience through greater operational automation, and increasing the talent pool by addressing certain skill gaps and other leadership requirements. We have front-loaded these investments in manpower and technology to strengthen the adequacy of resources and to support infrastructure and future growth. As these investments mature over the medium term, we expect operating leverage to support normalized margins going forward.

On a consolidated basis, total income stood at 560.5 crore compared to 346.8 crore in Q1 FY26, up by 61.6% on a YoY basis. Profit after tax stood at 98.3 crore on a consolidated basis compared to 89.6 crore in Q1 FY26, up by 9.7% on a YoY basis.

At the consolidated level, the payments bank continues to focus on growing its transaction-led business and expanding its retail customer base. The bank's margins during the period were impacted by the upfront onboarding revenue sharing associated with a specific partner project that the bank won and started implementing during that quarter. As the customers acquired through this initiative pivot to transactions and also start availing themselves of associated banking services, we expect profitability and margins in this segment to gradually stabilize and improve.

Let me now talk a little about our subsidiaries. The bank continues to gain traction in the digital payments ecosystem and is currently among the top 34 banks in India in terms of UPI remitter bank transactions. As of June 30, 2026, the bank is ranked sixth as a payee PSP among the top 15 banks in the ecosystem. Retail customers have increased by 1.7x, from 28.3 lakh in Q1 FY26 to 49.5 lakh in Q1 FY27.

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Coming to our database management company, our other subsidiary, during the quarter, NDML welcomed Mr. Rajiv Gupta as the MD and CEO, succeeding Mr. Gupte, who completed his full term as MD and CEO of NDML. Mr. Rajiv Gupta brings nearly 28 years of experience and most recently served as executive vice president and business head at {? Reliance Broking ?}.

At NDML, we continue to focus on scaling and strengthening our diversified businesses. Pursuant to IRDA's guidance, the company is in the process of transferring its insurance repository business from the existing SBU unit to a separate subsidiary dedicated to this activity. The work on this transition is currently underway.

We remain fully committed to delivering high standards of investor protection, building trust, and promoting financial literacy to encourage responsible investments across India's capital markets. With these opening comments, I hand over to Jigar, our CFO, to talk a little more about our financial highlights.

Management: Good afternoon, everyone. Thank you, Vijay. A very warm welcome to everyone once again, and thank you for joining us. Let me now take you through the standalone and consolidated financial highlights for the quarter ended June 30, 2026.

On a standalone basis, to begin with, revenue from operations for Q1 FY27 stood at 182.2 crore, a growth of 13.2% on a YoY basis, and sequentially it grew by 6.8%. Total income registered a growth of 15.3% year-on-year to 219.7 crore in Q1 FY27 versus 190.4 crore in Q1 FY26. Our EBITDA margin for the current quarter stands at 57.8%. Our EBITDA for Q1 FY27 is 126.9 crore versus 115.3 crore in Q1 FY26, registering a growth of 10.1% on a YoY basis. Net profit after tax for Q1 FY27 grew by 7.9% on a year-on-year basis to 89.1 crore versus 82.6 crore in Q1 FY26.

...on FY26. Our PAT margin stands at 40.6% for the current quarter. On the technology front, we have capitalized 7-8 crores during Q1 FY27 versus full-year capitalization of 106 crore in the previous year. It is worth noting that NSDL standalone profit contributes approximately 91% of consolidated profit.

I shall now move on to a brief note on the consolidated highlights. Revenue from operations for Q1 FY27 stood at 516.6 crore, registering a growth of 65.6% on a YoY basis, and sequentially it grew by 12.7%. This was primarily aided by the growth in the bank's revenue. Total income registered a growth of 61.6% year-on-year to 560.5 crore in Q1 FY27 versus 346.8 crore in Q1 FY26. Our EBITDA margin for the current quarter is 25.9%. Our EBITDA on a consolidated basis for Q1 FY27 is 145 crore versus 129.5 crore in Q1 FY26, registering a growth of 12% on a year-on-year basis. Net profit after tax for Q1 FY27 grew by 9.7% on a YoY basis to 98.3 crore versus 89.6 crore in Q1 FY26. Our PAT margin on a consolidated basis stands at 17.5% for the current quarter.

That concludes my opening remarks regarding the financials. Thank you once again for joining, and I will open the floor for Q&A.

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

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assembles.

The first question comes from the line of Prajesh Jain with Motilal Oswal Financial Services Limited. Please go ahead.

Prajesh Jain – Motilal Oswal Financial Services: Good evening, India. First, I wanted to understand the cost front. On a standalone basis, we have seen an almost 40% increase in employee cost. You had indicated that we would be very close to {? peak 100 ?}. I wanted to understand whether we are close to that. In fact, if you could also give us some understanding of where the employee count is being added on the standalone side, in which departments, and where the cost is increasing, that is point number one.

Point number two is on the banking side. You mentioned an arrangement whereby a large set of customers have come in and, as they adopt the services of NSDL Payments Bank, it will drive more revenue and profitability. Is the current quarter's run rate sustainable and expected to increase from here? That would be my second question.

My last question is on IPO activity momentum, now that it has picked up. What is the traction? You have opened—I think you have extended your relationships with {? 6 or 7 DPs ?} in this quarter, if I am not mistaken. What is the status of new additions with respect to the large discount brokers or any new player that has started operations, which you can highlight? Those would be my questions. Thank you.

Management: Thank you, Prajesh, and thank you for asking this set of questions.

On the first question regarding cost, we had indicated earlier in our conversations that most of our hiring was done in the last year. If you look at our net hiring in the previous year, it was about 98 employees. With regard to this quarter, that is why you see an uptick—the cost is now coming into this financial year.

As far as the peak is concerned, we are now going to be very cautious in terms of hiring. However, during the current part of the year, you will see the costs of the employees who were recruited coming into the upcoming quarters. Broadly, we have completed the manpower hiring required to achieve the adequacy we wanted.

Regarding where we recruited the manpower, it is largely in technology and cybersecurity. This is an area that we have strengthened, and we believe it is a very critical area for us, considering the type of company we are and the kind of business we are in as a market infrastructure institution. That is the second part of the question.

Could you please repeat the bank question once again?

Prajesh Jain – Motilal Oswal Financial Services: Vijay mentioned in his opening remarks that there was a new arrangement in the banking business which brought in a lot of customers. As that scales up and the customers adopt new services of the payments bank, EBITDA, profitability, and revenue will increase. I wanted to understand what this arrangement is and whether we see the revenue run rate improving from here in banking services.

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Management: Firstly, it is a very specific project, so we do not want to take names. It is a traffic source that is giving us some card business. As transactions are onboarded and customers are onboarded, there is a joining fee of sorts. That is what has ramped up the revenue.

This joining fee involves significant sharing with a partner that is working with us on this project, so it is virtually a pass-through. Therefore, the margins are low there. Once this is settled, the turnover does not need to remain so spiky. Thereafter, transaction-related turnover comes in, and transaction-related profitability comes in, which is better than the joining-related profitability ratios.

You have to view this in that context rather than as a permanent scale-up of the operational level. It is giving us customers that will add a fair amount of heft to both CASA and transactional revenue, which is more traditional banking revenue. This is a front-loading of an opportunity that is project-related and is a pass-through with a partner at the time of onboarding. That onboarding journey peaked in this quarter.

Prajesh Jain – Motilal Oswal Financial Services: So, basically, from Q2 onwards, it will be back to a normalized rate, probably to the levels of Q4, and then, as the volumes from these customers pick up, we will see better revenues.

Management: Broadly, that is right. We completed a significant part of the onboarding process in Q1.

Coming to the IPO question, we already mentioned that the total number of accounts opened in the industry was about 70 lakhs. We also mentioned that the total demat accounts we opened were approximately 12.5 lakhs, higher than what we did last year, at a slightly higher market share. Our market share increased sequentially as well as on a YoY basis, coming in at about 17.5%.

The benefits of the IPO activity will, in a sense, flow through as a consequence of the increased number of shareholders and accounts. That is how it plays out. Compared to the past, if the volumes are good, we do expect to earn more because the number of customers has increased.

That said, a fair amount of our new account additions has now started coming from fintech. For information, a few quarters ago, about 2% of our total additions came from fintech and 98% came from non-fintech. Now, the fintech number has gone to almost 20%, and the numbers have increased. That is the change in the profile of the new customers joining us.

Regarding the specific customers you were alluding to, I do not want to get into names, but there is progress. While no accounts are attributable to the specific customers, I would say that there is progress in carrying out some technology integration there.

Prajesh Jain – Motilal Oswal Financial Services: Right, just one follow-up on the first question—

Management: Having said that, I would just add that this progress does not mean anything until we see the outcome in terms of numbers. Please do not take it as any kind of guidance. I want to make that explicit.

Prajesh Jain – Motilal Oswal Financial Services: Agreed. On the first question regarding technology investments, I see that both you and your competitor are investing heavily in technology. Is this also

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driven by the regulator, or is it the need of the hour that is leading us to invest? If you can elaborate a little more on that front, it would be useful.

Management: If you look at our assessment of technology investments, we have made investments in 4 broad areas that we assessed. It is purely based on internal assessments.

One of the themes is technology resilience. Technology resilience is an expectation from regulators, and at the same time, it is an expectation from the market. To say that it is purely regulatory-driven may not be accurate, and at the same time, to say that it is purely market-driven is also not accurate. Both aspects overlap in this particular theme, and it is a sizeable area of investment.

The second area is improving customer experience. This falls almost entirely within the domain of market expectations. From a regulatory perspective as well, regulators expect that you quickly resolve customer complaints and escalations and generally keep investor complaints, escalations, and grievances down. From that angle, there is some overlap, but predominantly it belongs to the customer and market domain.

The third theme is automation, which is purely an internal requirement. It gives us an opportunity because our business is very amenable to automation and the use of AI and ML in matters such as processing and surveillance that we carry out as part of our work. This is purely in the domain of operational efficiency.

The last area is a complete refresh of infrastructure and hardware. This is driven by the circumstances in which we operate because, after a certain point in time, we need to upgrade our technology due to end-of-life and end-of-support considerations. As a consequence, this is the fourth theme we have taken up. It is an area of compulsion in which we need to upgrade our technology periodically, typically once in 5 years to 7 years to 8 years, depending on the policy.

We are somewhere in that kind of a mode at this point in time, and that has led to these 4 areas of technology spending. As I said, it is a combination of outcomes that these investments support. It is not purely technology-driven, and it is not purely regulatory-driven. There is a fair amount of overlap with regulations, but at the same time, there is a fair amount of market expectation and market benefit that will accrue as a result of these investments.

Prajesh Jain – Motilal Oswal Financial Services: Thank you so much. I wish you all the best. Thank you.

Management: Thank you.

Operator: Thank you. A reminder to all participants that you may press star and one to ask a question. The next question comes from the line of Sanket Godha with Avendus Park. Please go ahead.

Sanket Godha – Avendus Park: Thank you for the opportunity. My first question is on your annual custody income, which has grown by 30% year-on-year. In the past, you called out how much of this growth was driven by folio count and probably by new unlisted companies coming on board. If it was driven by folio count, it would be useful if you could call out that folio count.

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Management: Primarily, I will come to the folio count, which I also mentioned in the previous call. The custody fee growth has come in primarily because, in the last couple of years, we have added and enabled the market to move many of these companies into the NSDL fold.

If I have to give you a number of companies we have onboarded in the last couple of years, the base that we created was about {? 33,000 in FY25 ?} and {? 30,000 in FY26 ?}. That is about 60,000 companies that we have added in the last couple of years and in the last 1 year itself. That is where you see the growth coming from.

How are these companies helping us? These companies are also helping us increase our folio count. While folios are not increasing significantly because these are all unlisted companies and therefore have a finite folio size, I had given this number in my previous commentary as well. The folio count for NSDL as we speak today is about {? 14 crores ?}. This is where we stand in terms of our folio count.

Sanket Godha – Avendus Park: Jigar, last time that number was around 15-odd crores, if I remember the number correctly?

Management: We had mentioned about 14-odd crores, but we can discuss it. I think we mentioned about 14-odd crores in a previous call. We were at 13.8, and then it moved to 14.

Sanket Godha – Avendus Park: Understood. Which means that the latter part of the growth came from more and more unlisted companies coming on board with NSDL. Is that the way I should understand it? Was that the bigger lever?

Management: If you see, our market share in unlisted companies stands at about {? 70% plus ?}. That is where we are.

Sanket Godha – Avendus Park: Understood. My second question is about the nature of pledge income growth. Your pledge income has also grown meaningfully on a year-on-year and quarter-on-quarter basis. Would you attribute this strong growth largely to the strong growth the brokerage industry is witnessing in terms of the margin trade funding book? Or is there some other reason? Perhaps the brokers with which we are associated, largely the bank brokers, are consistently gaining market share in the cash segment, and that is getting reflected in our probably...

Sanket Godha – Avendus Park: {? [unclear] ?} Regarding the pledge income, I just wanted to understand whether it is because of the MTF book or whether, in general, you are seeing any traction that is leading to strong growth.

Management: The way pledge income works is that we have many traditional and fintech brokers who also avail themselves of a lot of our services. Largely, if you look at how the market has been moving over the last 3 months and the last 6 months, we are also getting the benefit of the way the market is moving with regard to the MTF book.

We see that in our counts as well, in terms of how we earn our revenue. The count has also grown year-on-year by about 15% in terms of pledges and unpledges. That is helping us grow this line of revenue.

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Sanket Godha – Avendus Park: Is it fair to say structurally that if people hold that margin trade funding book for a shorter duration, which is the current trend based on the brokers' disclosures, it will invariably benefit us? Is that the fair way to understand this business and this revenue line item growing going forward?

Management: The way it is right now, yes, it benefits us because we have a large custody presence and good-quality customers.

Sanket Godha – Avendus Park: Understood. Two more questions, sorry. One is on KYC income. As we all know, KYC charges on fetch were cut by 20% by the regulator, or all repositories and KRA agencies took the decision to reduce them by 20%. Still, our decline was just 2%. I wanted to understand whether this was because we had volume growth, or whether we managed it because we are gaining market share in incremental demat accounts, so the number of KYC accounts with us increased and that led to the growth. The number you told us last time, if I remember correctly, was 1.98 crores in KYC. What is the current number, and what led to that growth or marginal decline on a sequential basis?

Management: As we had explained to you, Sanket, the NDML business is more diversified compared to our competition. Measuring us purely and solely on the basis of the performance of demat accounts and KRA downloads may not be an accurate way of looking at it because we have about 5 businesses there, which include SEZ Online, the KRA business, and the insurance repository, among others.

Having said that, whatever decline was attributable to the price decrease in the KRA business was partly offset by the increase we received in the SEZ business. On a composite basis, that is how things played out, rather than through singular dependencies as may be the case with generic competitors. This diversification has helped us.

Sanket Godha – Avendus Park: If you can give a broader view of the total revenue we make in NDML, how much is KYC and how much is other revenue, if you are comfortable sharing that number?

Management: Sanket, at this stage, we are not sharing our subsidiary details. Let things scale up and mature a little more before we start providing details.

Sanket Godha – Avendus Park: Understood. My last question is on e-voting. Typically, we understand that e-voting is seasonally very strong in Q2 in India, but we still witnessed strong growth in Q1. Was some business from Q2 postponed to Q1, and is that how the growth appeared, or is it a market share story?

Management: I just wanted to provide some perspective. It is e-AGM that is seasonally strong and concentrated in Q2. E-voting is more need-based rather than having a completely seasonal effect.

Sanket Godha – Avendus Park: So there was nothing where companies started their activities early and that drove the revenue? It was more of a normal trend?

Management: These were normal requirements that came up, perhaps a little more than usual in this quarter. The concentration is typically in e-AGMs, which are in Q2.

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Sanket Godha – Avendus Park: Understood. That is all from my side. Thank you for answering my questions.

Management: Thank you.

Operator: Thank you. A reminder to all participants that you may press star and one to ask a question. The next question comes from the line of Rushabh with RVSA Investment Manager LLP. Please go ahead.

Rushabh – RVSA Investment Manager LLP: Thank you for the opportunity. If I recall correctly, you mentioned earlier in the call that the share of fintech in incremental demat openings has gone from 2% to 20%. I want to know what has happened in the last 6 months or 1 year, or what you are now offering on the technology and service fronts, that has led to this increase in market share. Perhaps you could also give us some sense of what NSDL was not offering earlier.

Management: Thank you. That is a great question. It is not merely the work of the last 2 quarters. We have been working for the last several quarters, I would say, to convince the market, particularly newcomers, to join us.

In that context, a lot of work was done by meeting customers—first, our own existing customers—addressing their pain points, addressing their technology expectations, reducing friction, and using that platform to spread more positive word of mouth in the market. This market is influenced significantly by the comfort and word of mouth of an existing player.

We also undertook a fair amount of work with back-office vendors. When we conducted workshops, back-office vendors gave us a very interesting perspective on the things that needed to be done to make onboarding easier and attract new fintechs to us more easily.

I would therefore say it was a combination of customizations, investment in relationship-building with fintech brokers, particularly new fintech brokers, as well as some of the features that we added and the work we did with existing players to obtain positive word of mouth and positive endorsements from our partners, meaning the back-office vendor partners. This combination helped us increase and onboard new fintechs.

These fintechs have been getting onboarded for the last 4 quarters, and typically the onboarding exercise takes about 4 months. They typically take 1 or 2 months of testing, including various CUGs and pre-production scenario testing, before they feel comfortable ramping up. The ramp-up is gradual.

A lot of this ramp-up has now started taking shape, and we are still in the process of ramping up further. Multiple new fintech brokers have started their journeys with us as a consequence of this. The ramp-up in these quarters is somewhat higher than the ramp-up seen in earlier quarters. That is what has led to this increase.

Rushabh – RVSA Investment Manager LLP: What are the solutions that you are providing to the fintechs right now? Are they in the early pilot stage, or are they fairly happy with the product you are offering, and can we expect a significant ramp-up from them over the next 1 or 2 years in terms of business? In terms of the offering that we—

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Management: Please go ahead.

Rushabh – RVSA Investment Manager LLP: To add to that, in terms of the offering that we wanted to provide to them, how satisfied are we with the product? Meaning, are we fairly satisfied, is it adequate, or is a lot of tweaking still required? I understand that it is an ongoing process, but broadly, are we 80-70% done with the product that we wanted to offer, and are the customers happy with the product we are currently offering? I want to understand the trajectory of that journey.

Management: We can put out some numbers for your comfort. Last year, we onboarded 21 new DPs. Many of them are in the early stages of integration or early stages of scale-up, meaning they are at different stages of integration or early stages of scale-up. That benefit should logically start flowing to us, and that is what we expect. However, it is obviously contingent on how the market also performs. With that caveat regarding market conditions, we will have to see how the future plays out, but our effort is focused on increasing the number of DPs.

Even in the current quarter, we added 6 new DPs on top of the 21 we added last year. A very significant effort is going into the market, meeting new DPs, and trying to convert existing DPs into our DPs. Even with our shared DPs, we are trying to increase market share, market penetration, and wallet share.

A lot of effort is going on through a combination of a better product. Based on our current engagement, I think the product gaps are no longer a significant issue in the market. In fact, many people have said that some of the APIs we have launched are not available with the competition. Therefore, I do not see a product gap as a showstopper anymore.

It is about more positive word-of-mouth endorsements, more positive comfort that the market will get from other players, relationship-building, which often takes place, and some tactical pricing interventions that we can undertake through the Yuva Plan, or Youth Plan, as well as the Women's Plan that we have launched.

It is a combination of these factors that will help us attract more and more customers in the future, and we remain optimistic about the future, subject to market conditions.

Rushabh – RVSA Investment Manager LLP: What would be the main priorities for the next 1 year? I understand that since Vijay took over 1.5 years ago, there have been certain targets for the next 3-4 years for the company. I want to understand the major hits and misses so far. We are about 1.5 years into the journey, so what are the key priorities for the next 1 year?

Management: You are speaking to Vijay, so I will answer your question. When Vijay took over 1.5 years ago, we laid out 4 thematic priorities.

The first was technology modernization. That was the first theme, and I have already explained that we subdivided it into 4 areas, which I explained in my earlier response.

The second theme was the skill gap and leadership gap. This involved adding people, adding resources, and filling the required positions. That was the second area. I think that is now more or less complete, or at least significantly completed. Leadership is complete, and some gap-filling is

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taking place below the leadership level.

The third area we took up was market penetration. I have already explained that there has been good progress.

The fourth area we had taken up at that time was completing the IPO, which was completed in a record time of 7 months after Vijay joined.

Now that 1.5 years have passed, the effort is to complete the residual part of technology modernization. More work will take place in automation. More work will take place to ensure that whatever has been launched is refined, because a technological offering typically requires continuous upgrades, a continuous feedback loop from customers, and improvements through the addition of new features and capabilities, removal of friction, or simply making it more efficient.

A lot of time will now go into making things more sophisticated, more mature, and more frictionless. To a large extent, the basic work is complete.

The 2 technology themes I expect to take center stage are resilience, which is a very important area, and customer experience-related enhancements. Automation will also be an important area, as I mentioned. These 3 areas will take center stage.

The market will continue to remain a very high focus. Technology will help us serve the market in a better and sharper manner. These themes will continue to develop.

Rushabh – RVSA Investment Manager LLP: Thank you for the detailed response. That is quite helpful, and I wish you all the best.

Management: Thank you.

Operator: Thank you. A reminder to all participants that you may press star and one to ask a question. The next question comes from the line of Mitesh Goel with Axis Capital. Please go ahead.

Mitesh Goel – Axis Capital: Thank you for taking my question. Most of my questions have been answered. I have just 2 bookkeeping points. What is the count of unlisted companies added during the quarter? The second question is: out of other transaction charges of 21 crores, what proportion represents the joining fee?

Management: Regarding the first part of the question, the number of companies that joined this quarter was 3,600 companies.

Regarding the component of the joining fee, we typically charge 15,000 rupees per company as a processing charge at the time of joining. Let me look at the number for the component. That should be in the range of about 5-6 crores.

Mitesh Goel – Axis Capital: Thank you so much. That is all.

Management: Thank you.

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Operator: Thank you. A reminder to all participants that you may press star and one to ask a question. Once again, a reminder to all participants that 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 Limited. Please go ahead.

Prayesh Jain – Motilal Oswal Financial Services Limited: Just one small question. What would be your folio count?

Management: Prayesh, the folio count is approximately 14 crore folios today.

Management: [inaudible] that in the previous quarter. On a year-on-year basis, we do year-on-year comparisons, so it was about 11.88, or 11.9. It was 11.9 out of the 14 crores. That is all. Thank you.

Management: Thank you. Thank you.

Operator: Thank you. Ladies and gentlemen, as there are no further questions—or we have a question from the line of Lalit Mohan Deora from Equirus Securities. Please go ahead.

Lalit Mohan Deora – Equirus Securities: Good evening, sir, and thank you for the opportunity. I have 2 questions.

First, in the annual custody fees, there is a component of distributed ledger transaction, or DLT, charges. Could you quantify that amount as well?

Second, you highlighted that we onboarded 21 DPs in the last 1 year. I wanted to understand how, in terms of incremental engagement with those depository participants, we ensure that we get demat accounts from those DPs as well. Could you give us some color on how demat accounts are developing from the incremental 21 DPs we added?

Management: Lalit, thank you for asking those questions.

Regarding DLT, it is a relatively new line of revenue. We are not providing any specific numbers regarding DLT. Overall, we currently have over 600 issuers on our platform. That is some additional information I can provide.

As far as the second part is concerned, as I said, the onboarding process typically takes about 4 months, or approximately 12-16 weeks. Various participants sign up, go through documentation, go through technology integration and testing, undergo pre-production testing, and then proceed through a launch, soft launch, and final launch. Many of them are at various stages, and some of them have already entered proper production mode.

Most of the 21 DPs that joined us are exclusively with NSDL. Therefore, whatever accounts are opened will typically flow with NSDL only. After onboarding and integration, there is no additional effort required to direct the accounts to us. Every account that is opened will naturally flow to us because we are the only DP there, or rather, we are the only depository there.

The effort required is to get the client onboarded, integrated, tested, and into production. That is the effort required. Thereafter, the DP's work flows into the depository.

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Most of this has happened over the last several quarters. If you had measured this number 5 quarters ago, it was hardly 2%. Today, it is 20%. A lot of this has happened because of all the efforts undertaken during the last 4 quarters and a few quarters before that. Some DPs were onboarded earlier as well. All of this is now beginning to contribute.

Lalit Mohan Deora – Equirus Securities: Thank you.

Operator: Thank you. Ladies and gentlemen, as there are no further questions, we have reached the end of the question-and-answer session. I now hand the conference over to Mr. Vijay Chandok for closing comments.

Management: Thank you very much. Thank you to all the investors, shareholders, and analysts who took the effort and trouble to join and ask questions. We really appreciate your presence and all the questions you asked.

In case you still have follow-up questions after going through our numbers in detail, please do not hesitate to reach out. You have Arzoo, our IR representative, and Jigar, and both are available for you to connect with. We will be very happy to respond to your queries.

Thank you once again, everyone, and please continue to support us. Thank you.

Operator: Thank you. On behalf of National Securities Depository Ltd. (NSDL), that concludes this conference. Thank you for joining us. 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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