



KFin Technologies Limited

Annual Report
2021-22

REPORT OF THE BOARD OF DIRECTORS

Your Board of Directors is pleased to present the Business Performance along with the Audited Financial Statement for the Financial Year 2021-22.

FINANCIAL PERFORMANCE

The standalone and consolidated financial statements for the Financial Year ended March 31, 2022, forming part of this Annual Report, have been prepared in accordance with the Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs.

Summarised Financial Highlights

Amount in Rupees Lakh

Particulars	Standalone		Consolidated	
	F.Y. 2021-22	F.Y. 2020-21	F.Y. 2021-22	F.Y. 2020-21
Revenue from Operations	62,470.87	47,178.96	63,950.66	48,114.42
Other Income	891.62	469.12	605.66	505.34
Total Income	63,362.49	47,648.08	64,556.32	48,619.76
Employee Expenses	22,494.57	18,358.64	23,248.59	18,860.56
Other Expenses	11,205.27	7,866.01	11,917.00	8,014.30
Depreciation and Amortisation	3,616.44	9,791.28	3,701.83	9,798.91
Finance Cost	5,283.08	5,191.27	5,288.31	5,195.41
Total Expenses	42,599.36	41,207.20	44,155.73	41,869.18
Profit / (Loss) Before Tax	20,763.13	6,440.88	20,400.59	6,750.58
Current Tax	5,745.98	207.00	5,833.37	237.09
Deferred Tax	(284.37)	12,965.28	(283.12)	12,964.35
Profit / (Loss) After Tax	15,301.52	(6,731.40)	14,850.34	(6,450.86)
Other Comprehensive Income	(76.77)	35.60	(54.74)	11.93
Total Comprehensive Income	15,224.75	(6,695.80)	14,795.60	(6,438.93)

STATE OF COMPANY'S AFFAIRS

During the financial year under review, the Company has generated revenue from operations to the tune of Rs. 62,470.87 Lakh and has earned a profit after tax of Rs. 15,301.52 Lakh as compared to Rs. 47,178.96 Lakh and loss of Rs. 6,731.40 Lakh respectively during the previous financial year.

Overview of Operations – Particulars and Developments / Outlook

- Your Company has been consistently delivering best in class service to its clients with SLA adherence of more than 99% across business units.
- Your company continuously adopting the new ways of working and focusing on digital adoption in delivery. Your company implemented the IQ Bot for Data entry of physical applications, rolled out the Lucid for Bank reconciliation during the year.

- c. New digital assets such as Digix, MF Central, DIT Portal, AIF Digital on boarding etc. were launched and multiple enhancements undertaken in the investor and Distributor App to enhance investor experience backed by tech enabled initiatives to create delight in client servicing and reporting. Your Company continued to increase digital participation in the marketplace to handle large transaction volumes which also supported our clients and the investor community in a big way during the ongoing pandemic. Your Company also started partnering with new age Fintech Companies to explore multiple business opportunities. One of such initiative undertaken the during the year was API integration with Fintech Companies for share the SOA.
- d. Your Company has been able to deliver on the operations as well as capitalize on the Mutual Fund AAUM growth of its portfolio AMCs. Your Company witnessed the Average AUM growth of 41% for its portfolio AMCs. Also, two new AMCs, NJ Asset Management and SAMCO Asset Management, added to the portfolio of Your Company.
- e. The AIF and Corporate Registry businesses continue to grow, and your Company is well placed in these businesses to leverage the benefits of growth.
- f. New clients and subscribers were acquired in NPS including our first win of a State Government. 2.4 Lakhs subscribers got added from the MP State Government during the year.
- g. Expansion and investments in Southeast Asian / ASEAN markets continue to do well and your Company is growing its engagement with clients for future business growth.
- h. During the year your Company acquired Hexagram Fintech Private Limited which helps increase the Market position of your company by adding Fund accounting and Fund administration platform to your Company portfolio of service offering.
- i. The Board of Directors of the Company approved its Initial Public Offer through Offer for Sale at its meeting held on March 24, 2022 and approved the issue size of up to Rs. 24,000 million at its meeting held on 30th March, 2022 and filed the draft red herring prospectus with the Securities and Exchange Board on April 1, 2022.
- j. The Company has obtained the license to operate under the ancillary framework of the International Financial Services Centres Authority at Gift City Gujarat.
- k. Kotak Mahindra Bank Limited invested 9.98% equity share capital of the Company during the year.

Amendments to the Memorandum and Articles of Association

During the Financial Year under review, the Company has on September 30, 2021, amended Clause 5 of its Memorandum of Association to reflect the change in the Authorised Share Capital of the Company and on January 28, 2022, changed the name of the Company from 'KFin Technologies Private Limited' to 'KFin Technologies Limited' pursuant to conversion from a private limited company to a public limited company, effective from February 24, 2022.

The Articles of Association of the Company were also amended on September 30, 2021, October 12, 2021, November 10, 2021, January 28, 2022 and March 24, 2022.

Modification in the Sanctioned Scheme of Arrangement and Amalgamation

During the Financial Year under review, pursuant to an approval from the Board of Directors at its meeting held on September 06, 2021, the Company filed an application before the National Company Law Tribunal

("NCLT") on October 28, 2021, for modification in relation to amortization of goodwill. Such goodwill arose as a result of the Composite Scheme of Arrangement and Amalgamation between Karvy Consultants Limited, Karvy Computershare Private Limited and our Company, formerly known as 'Karvy Fintech Private Limited', at the relevant time, effective from November 17, 2018. Pursuant to the NCLT order dated March 02, 2022, the amortization of goodwill has been discontinued with effect from April 01, 2021.

Shareholders' Agreement

Except as stated hereunder, our Company does not have any subsisting shareholders' agreements among our Shareholders vis-a-vis our Company:

Shareholders' agreement dated September 19, 2021 amongst General Atlantic Singapore Fund Pte. Ltd. and General Atlantic Singapore KFT Pte. Ltd (collectively referred to as "GA"), Kotak Mahindra Bank Limited ("KMB") and our Company ("SHA"), and Amendment Agreement dated February 22, 2022 amongst GA, KMBL and our Company ("SHA Amendment Agreement").

Acquisitions / Investments / Divestments

During the Financial Year under review, pursuant to the share purchase agreement dated December 31, 2021, entered into with certain shareholders of Hexagram Fintech Private Limited, the Company acquired 14,900,000 equity shares of Hexagram Fintech Private Limited representing 100.00% of the shareholding for a total consideration amount aggregating to ₹ 251.53 million. The transaction was completed on February 07, 2022.

During the Financial Year under review, the Company has complied with the applicable rules for downstream investment.

CHANGE IN THE NATURE OF BUSINESS

During the Financial Year under review, there has been no change in the nature of business of the Company.

However, the Company has changed its status from 'Private Limited Company' to 'Public Limited Company, with effect from February 24, 2022 pursuant to the resolution passed by the members at their Extraordinary General Meeting held on January 28, 2022.

DIVIDEND AND RESERVES

In order to conserve resources, the Directors do not recommend any dividend for the Financial Year under review and also do not propose to transfer any amount to reserves.

SHARE CAPITAL

The paid-up share capital of the Company as on March 31, 2022, comprised of equity shares and preference shares as under:

Sr. No.	Particulars	Amount (INR)
01	16,75,68,883 Equity Shares of face value Rs.10 each	167,56,88,830
02	1,000 Preference Shares of face value Rs. 200 each	2,00,000
	Total	167,58,88,830

During the Financial Year under review, except as stated under, the Company has not issued shares with or without differential rights including sweat equity shares or convertible instruments:

Allotted 1,000 (One Thousand) Non-Convertible Redeemable Preference Shares of Rs. 200/- (Rupees Two Hundred only) each on October 25, 2021, for cash, at par, aggregating to Rs. 2,00,000/- (Rupees Two Lakh only) through preferential issue.

Allotted 1,67,25,100 (One Crore Sixty-Seven Lakh Twenty-Five Thousand One Hundred) Equity Shares of Rs. 10/- (Rupees Ten only) each on November 10, 2021, for cash, at an issue price of Rs. 185.35/- (Rupees One Hundred Eighty-Five and Paise Thirty-Five only) per equity share, aggregating to Rs. 309,99,97,285/- (Rupees Three Hundred and Nine Crore Ninety-Nine Lakh Ninety-Seven Thousand Two Hundred Eighty-Five only) through preferential issue.

Allotted 50 (Fifty) Equity Shares of Rs. 10/- (Rupees Ten only) each on January 18, 2022, for cash, at an issue price of Rs. 70.36/- (Rupees Seventy and Paise Thirty-Six only) per equity share, aggregating to Rs. 3,518/- (Rupees Three Thousand Five-Hundred Eighteen only) pursuant to exercise of options issued under KFin ESOP Plan 2020.

Allotted 150 (One Hundred Fifty) Equity Shares of Rs. 10/- (Rupees Ten only) each on January 18, 2022, for cash, at an issue price of Rs. 91.98/- (Rupees Ninety-One and Paise Ninety-Eight only) per equity share, aggregating to Rs. 13,797/- (Rupees Thirteen Thousand Seven Hundred Ninety-Seven only) pursuant to exercise of options issued under KFin ESOP Plan 2020.

EMPLOYEE STOCK OPTION PLAN

Pursuant to approval of the members at the Extraordinary General Meeting held on July 31, 2019, the Company adopted the “KFPL Employee Stock Options Plan 2019” (“ESOP Plan”) and thereafter notified the following schemes at various dates (“ESOP Schemes”) (renamed as indicated in the subsequent paragraph) under the ESOP Plan:

- i. KFin Employee Stock Option Plan 2020 – Scheme A
- ii. KFin Employee Stock Option Plan 2020 – Scheme B
- iii. KFin Employee Stock Option Plan 2020 – Scheme C
- iv. KFin Employee Stock Option Plan 2020 – Scheme D
- v. KFin Employee Stock Option Plan 2020 – Scheme E
- vi. KFin Employee Stock Option Plan 2020 – Scheme F
- vii. KFin Employee Stock Option Plan 2020 – Scheme G

Pursuant to the change of name of the Company, the name of the ESOP Plan was changed to “KFin Employee Stock Option Plan 2020” and the ESOP Schemes were also renamed accordingly by the members at the Extraordinary General Meeting held on October 20, 2020.

Details of the options granted under the ESOP Schemes, are enclosed as Annexure 1 to this Report.

DEBT SECURITIES

During the Financial Year under review, the Company has not issued any debt securities.

The 4,000 rated, listed, redeemable, non-convertible debentures issued by the Company on November 16, 2018, through private placement were redeemed in full at par before its maturity and were accordingly delisted from BSE Limited with effect from January 06, 2022.

CREDIT RATING

The rated, listed, redeemable, non-convertible debentures issued by the Company on November 16, 2018, were rated as [ICRA-AA] by ICRA Limited and the same have been redeemed during the Financial Year under review.

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Your Company recognizes and embraces the importance of a diverse Board for its success. As on March 31, 2022, the Board comprised of an Executive Director and Eight Non-Executive Directors including three Independent Directors one of whom is a Woman Director.

During the Financial Year under review, there were changes to the Board of Directors of the Company as stated hereunder:

Sr. No.	Name of Director	Type of Change	Date of Change
01	Mr. Viswanathan Mavila Nair	Change in Designation to Non-Executive Director	October 01, 2021
02	Mr. Srinivas Peddada	Appointed as Non-Executive Director by the members	September 30, 2021
03	Mr. Jaideep Hansraj	Appointed as Additional Non-Executive Director by the Board	November 10, 2021
		Appointed as Non-Executive Nominee Director by the members	November 22, 2021

During the Financial Year under review, there were no changes in the Key Managerial Personnel of the Company.

INDEPENDENT DIRECTORS

During the Financial Year under review, the Company has received the necessary declaration from each of the Independent Directors stating that he / she meets the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013.

The Board of Directors are of the opinion that the Independent Directors possess qualifications such as integrity, expertise and experience (including the proficiency).

COMMITTEES OF THE BOARD

The Board of Directors have constituted statutory and non-statutory Committees viz. Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Risk Management Committee, Stakeholders' Relationship Committee, IPO Committee, IT Strategy Committee, Business Development and Strategy Committee and Sub-Committee for Operational Risk and Compliance.

All the recommendations of the Committees have been accepted by the Board.

The composition of the said Committees as on March 31, 2022, is as under:

Audit Committee

Sr. No.	Full Name	Designation	Category
01	Mr. Kaushik Bishnu Mazumdar	Independent Director	Chairperson
02	Mr. Prashant Saran	Independent Director	Member
03	Ms. Sonu Halan Bhasin	Independent Director	Member
04	Mr. Shantanu Rastogi	Non-Executive Nominee Director	Member

Nomination and Remuneration Committee

Sr. No.	Full Name	Designation	Category
01	Ms. Sonu Halan Bhasin	Independent Director	Chairperson
02	Mr. Kaushik Bishnu Mazumdar	Independent Director	Member
03	Mr. Sandeep Achyut Naik	Non-Executive Nominee Director	Member

Corporate Social Responsibility Committee

Sr. No.	Full Name	Designation	Category
01	Ms. Sonu Halan Bhasin	Independent Director	Chairperson
02	Mr. Prashant Saran	Independent Director	Member
03	Mr. Sandeep Achyut Naik	Non-Executive Nominee Director	Member

Risk Management Committee

Sr. No.	Full Name	Designation	Category
01	Mr. Prashant Saran	Independent Director	Chairperson
02	Mr. Kaushik Bishnu Mazumdar	Independent Director	Member
03	Mr. Sathish Kumar Nuggu	Chief Technology & Operations Officer	Member

Stakeholders' Relationship Committee

Sr. No.	Full Name	Designation	Category
01	Mr. Prashant Saran	Independent Director	Chairperson
02	Mr. Vishwanathan Mavila Nair	Non-Executive Director	Member
03	Mr. Venkata Satya Naga Sreekanth Nadella	Whole-Time Director and Chief Executive Officer	Member

IPO Committee

Sr. No.	Full Name	Designation	Category
01	Mr. Shantanu Rastogi	Non-Executive Nominee Director	Chairperson
02	Mr. Venkata Satya Naga Sreekanth Nadella	Whole-Time Director and Chief Executive Officer	Member
03	Mr. Jaideep Hansraj	Non-Executive Nominee Director	Member

IT Strategy Committee

Sr. No.	Full Name	Designation	Category
01	Mr. Srinivas Peddada	Non-Executive Director	Chairperson
02	Mr. Kaushik Bishnu Mazumdar	Independent Director	Member
03	Mr. Venkata Satya Naga Sreekanth Nadella	Whole-Time Director and Chief Executive Officer	Member

Business Development and Strategy Committee

Sr. No.	Full Name	Designation	Category
01	Mr. Shantanu Rastogi	Non-Executive Nominee Director	Chairperson
02	Mr. Vishwanathan Mavila Nair	Non-Executive Director	Member
03	Mr. Srinivas Peddada	Non-Executive Director	Member
04	Mr. Venkata Satya Naga Sreekanth Nadella	Whole-Time Director and Chief Executive Officer	Member

Sub-Committee for Operational Risk and Compliance

Sr. No.	Full Name	Designation	Category
01	Mr. Prashant Saran	Independent Director	Chairperson
02	Mr. Vivek Narayan Mathur	Chief Financial Officer	Member
03	Mr. Sathish Kumar Nuggu	Chief Technology & Operations Officer	Member
04	Mr. Srinivas Yadav Karri	Chief Information Security Officer	Member
05	Mr. P M Parameswaran	General Manager - Operations	Member
06	Mr. Anshul Kumar Jain	Chief Compliance Officer and Head – Legal	Member
07	Mr. Praveen Shankaran	Deputy General Manager	Member
08	Mr. Mario Roche	Chief Operating Officer – Domestic Fund Services	Member

MEETINGS OF THE BOARD

During the Financial Year under review, eighteen (18) meetings of the Board were duly convened and held on May 27, 2021, June 24, 2021, September 06, 2021, September 15, 2021, September 24, 2021, October 14, 2021, October 21, 2021, October 25, 2021 (two meetings), November 01, 2021, November 10, 2021, November 11, 2021, November 30, 2021, December 31, 2021, March 02, 2022, March 11, 2022, March 24, 2022, and March 30, 2022, respectively.

PERFORMANCE EVALUATION

The Board evaluation framework has been designed in compliance with the requirements under the Companies Act, 2013 and in consonance with Guidance Note on Board Evaluation issued by SEBI in January 2017. The Board carried out an annual evaluation of its own performance, Board's Committees and individual Directors pursuant to the provisions of the Act. Based on the recommendation of the Nomination & Remuneration Committee, the Board laid down the criteria for evaluation. This exercise was carried out through a structured questionnaire prepared separately for the Board, Committees, Chairperson of the Board and individual Directors. The questionnaires were uploaded at the online tool for the Board members to carry out the Evaluation for the Financial Year ended March 31, 2022.

The evaluation reports were shared with the Chairperson of the Board and the evaluation report of the Chairperson was shared with the Chairperson of the Nomination and Remuneration Committee.

As an outcome of the evaluation, it was noted that the Board as a whole, has a composition that is diverse in experience and perspective and fosters lively and constructive debates. The discussion quality is robust, well intended and leads to clear direction and decision. It was also noted that the Board Committees function professionally and smoothly and besides the Board Committee's terms of reference as mandated by law, important issues are brought up and discussed in the respective meetings of the Board Committees.

REMUNERATION POLICY

The policy of the Company relating to the remuneration of Directors, Key Managerial Personnel, and other employees, in line with the provisions of the Companies Act, 2013, is available on the website of the Company at <https://www.kfintech.com/disclosures/>.

The policy is framed with a view that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully, the relationship of remuneration to performance is clear and meets appropriate performance benchmarks, to ensure there is a principle of proportionality while determining the remuneration, to retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create a competitive advantage *etc.*

PARTICULARS OF DIRECTORS AND EMPLOYEES

The particulars of Directors and employees attracting the provisions of Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are enclosed as Annexure 2 to this Report.

SUBSIDIARY / JOINT VENTURE / ASSOCIATE COMPANIES

During the Financial Year under review, the Board of Directors reviewed the affairs of the subsidiaries. In accordance with Section 129(3) of the Companies Act, 2013, the Company has prepared its consolidated financial statements and the same forms part of the Annual Report of the Company.

The details of the subsidiary / joint venture / associate companies of the Company as on March 31, 2022, are as under:

Sr. No.	Company	Shareholding	Country of Incorporation
A] Subsidiary Companies			
	KFin Services Private Limited	Wholly-owned subsidiary	India
	KFin Technologies (Bahrain) W.L.L.		Bahrain
	KFin Technologies (Malaysia) SDN. BHD.		Malaysia
	Hexagram Fintech Private Limited		India
	Hexagram Fintech SDN. BHD. (Formerly known as Hexagon Global IT Solutions SDN. BHD.)	Wholly-owned step-down subsidiary	Malaysia
B] Joint Ventures			
	None		
C] Associate Companies			
	None		

Highlights of the performance of the subsidiary Companies are as under and the salient features of its financial statement are enclosed as Annexure 3 to this Report.

KFin Services Private Limited

KFin Services Private Limited was incorporated on January 06, 2020 as a wholly-owned subsidiary of the Company, and is engaged in the business of consultancy and business services. Its financial highlights are as under:

Amounts in Rupees Lakh

Particulars	F.Y. 2021-22	F.Y. 2020-21
Revenue from Operations	—	—
Other Income	0.95	—
Total Income	0.95	—
Employee Expenses	—	—
Other Expenses	104.54	3.06
Depreciation and Amortisation	—	—
Finance Cost	—	—
Total Expenses	104.54	3.06
Profit / (Loss) Before Tax	(103.59)	(3.06)
Tax	—	—
Profit / (Loss) After Tax	(103.59)	(3.06)
Other Comprehensive Income	—	—
Total Comprehensive Income	—	—

KFin Technologies (Bahrain) W.L.L.

KFin Technologies (Bahrain) W.L.L., was incorporated on January 27, 1998, in the Kingdom of Bahrain and is a wholly-owned subsidiary of the Company with effect from November 17, 2018. The Company is engaged in the business of other activities auxiliary to financial service activities *i.e.*, fund administrator. Its financial highlights are as under:

Amounts in Rupees Lakh

Particulars	F.Y. 2021-22	F.Y. 2020-21
Revenue from Operations	325.34	421.00
Other Income	5.44	37.07
Total Income	330.78	458.06
Cost of services	265.36	264.47
General and administrative expenses	29.35	30.73
Depreciation	4.28	3.92
Depreciation of right-of-use asset	19.61	21.13
Finance Cost	1.82	2.09
Total Expenses	320.42	322.34
Profit / (Loss) Before Tax	10.36	135.72
Tax	-	-
Profit / (Loss) After Tax	10.36	135.72
Other Comprehensive Income	-	-
Total Comprehensive Income	-	-

KFin Technologies (Malaysia) SDN. BHD.

KFin Technologies (Malaysia) SDN. BHD. was incorporated on March 08, 2016, in Malaysia and is wholly-owned subsidiary of the Company with effect from November 17, 2018. The Company is engaged in the business of transfer agency, back-office services outsourced by market intermediaries and fund managers. Its financial highlights are as under:

Amounts in Rupees Lakh

Particulars	F.Y. 2021-22	F.Y. 2020-21
Revenue from Operations	2,038.46	1,613.00
Other Income	11.06	-
Total Income	2,049.52	1,613.00
Direct Costs	1,109.42	1,108.99
Administrative Expenses	747.48	345.74
Other Expenses	36.98	35.72
Finance Costs	2.02	2.06
Total Expenses	1,895.91	1,492.51

Particulars	F.Y. 2021-22	F.Y. 2020-21
Profit Before Tax	153.62	120.49
Tax	87.55	29.23
Profit After Tax	66.07	91.26
Other Comprehensive Income	-	-
Total Comprehensive Income	66.07	91.26

Hexagram Fintech Private Limited

Hexagram Fintech Private Limited was incorporated on July 15, 2020 and is engaged in the business of software development. The Company is a wholly-owned subsidiary of the Company with effect from February 07, 2022. Its financial highlights are as under:

Amounts in Rupees Lakh

Particulars	F.Y. 2021-22	F.Y. 2020-21
Revenue from operations	574.50	136.48
Other Income	0.04	-
Total Income	574.54	136.48
Employee Expenses	403.70	70.26
Other Expenses	145.26	38.37
Depreciation and Amortisation	68.95	13.22
Finance Cost	18.05	1.95
Total Expenses	635.96	123.80
Profit / (Loss) Before Tax	(61.42)	12.68
Tax	-	-
Deferred tax expenses	15.37	(0.50)
Profit / (Loss) for the year	(76.79)	13.18
Other Comprehensive Income	(3.76)	-
Total Comprehensive Income	(80.55)	13.18

Hexagram Fintech SDN. BHD.

Hexagram Fintech SDN. BHD. was incorporated on October 19, 2016, in Malaysia and is engaged in the business of information technology products and consultancy services. The Company is a wholly-owned subsidiary of the Company with effect from February 07, 2022. Its financial highlights are as under:

Amounts in Rupees Lakh

Particulars	F.Y. 2021-22	F.Y. 2020-21
Revenue from Operations	271.20	509.63
Other Income	-	2.90

Particulars	F.Y. 2021-22	F.Y. 2020-21
Total Income	271.20	512.53
Direct Costs	117.38	213.20
Administration Expenses	197.09	162.54
Other Operating Expenses	0.21	1.53
Total Expenses	314.67	377.27
Profit Before Tax	(43.48)	135.26
Tax	0.17	21.95
Profit After Tax	(43.30)	113.31
Other Comprehensive Income	–	–
Total Comprehensive Income	(43.30)	113.31

STATUTORY AUDITORS

B S R & Associates LLP, Chartered Accountants (Firm Registration No. 116231W/W-100024) were appointed as the Statutory Auditors of your Company from the Financial Year 2019-20 till the Financial Year 2022-23. The Auditors have confirmed that they are not disqualified from being the Auditors of the Company.

The Report given by the Auditors on the financial statement of the Company is part of this Report. There is no qualification, reservation, adverse remark, or disclaimer given by the Auditors in their Report.

COST RECORDS / COST AUDIT

During the Financial Year under review, the relevant provisions of the Companies Act, 2013 and rules made thereunder relating to maintenance of Cost Records / Cost Audit were not applicable to the Company.

INTERNAL AUDIT

Ernst & Young LLP were appointed as the Internal Auditors of your Company for the Financial Year 2021-22. The Internal Audit plan is approved by the Audit Committee at the beginning of the year and the audit is oriented towards the review of internal controls in the Company's business operations including Infosec / Cyber review and review of related party / shared services transactions. The Audit Committee is presented with quarterly updates on the audit along with a summary of audit observations, if any and follow-up actions thereon.

SECRETARIAL AUDIT

D V Rao & Associates, Company Secretaries, were appointed as the Secretarial Auditors of your Company for the Financial Year 2021-22. The audit includes *inter-alia* review of compliance with the provisions of the Companies Act, 2013 and the rules made thereunder, and applicable regulations prescribed by the Securities and Exchange Board of India and prescribed under the Foreign Exchange Management Act, 1999. The Report given by the Auditors on the Secretarial Audit of the Company is enclosed as Annexure 4 to this Report. There is no qualification, reservation, adverse remark, or disclaimer given by the Secretarial Auditors in their Report.

ANNUAL RETURN

In accordance with the relevant provisions of the Companies Act, 2013 and rules made there under, the Annual Return as on March 31, 2021, is available on the website of the Company at <https://www.kfintech.com/disclosures/>.

DEPOSITS

During the Financial Year under review, the Company has not invited or accepted any deposits as covered under relevant provisions of the Companies Act, 2013 and the rules made thereunder.

LOANS / GUARANTEES / INVESTMENTS

During the Financial Year under review, the Company has not provided any loan, guarantee or security covered under Section 186 of the Companies Act, 2013 and the rules made thereunder.

During the Financial Year under review, the Company had, under Section 186 of the Companies Act, 2013 and the rules made there under, acquired securities of body corporates, as under:

Sr. No.	Date of allotment / acquisition	Subscription / Purchase	Security	Amount (INR)
KFin Services Private Limited				
01	April 06, 2021	Subscription	Equity Shares	4,50,00,000.00
02	December 06, 2021	Subscription	Equity Shares	1,00,00,000.00
Hexagram Fintech Private Limited				
03	February 07, 2022	Purchase	Equity Shares	1,49,00,000.00
04	March 05, 2022	Subscription	Equity Shares	6,50,00,000.00

RELATED PARTY TRANSACTIONS

During the Financial Year under review, all transactions entered into with related parties were in the ordinary course of business and at arm's length.

The relevant provisions of the Companies Act, 2013 and the rules made thereunder relating to disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 are not applicable to the Company.

CORPORATE SOCIAL RESPONSIBILITY

In accordance with the relevant provisions of the Companies Act, 2013 and rules made there under, the Annual Report on CSR activities for the Financial Year under review is enclosed as Annexure 5 to this Report.

The Corporate Social Responsibility Policy and the projects approved by the Board are available on the website of the Company at <https://www.kfintech.com/>.

The Corporate Social Responsibility Committee monitors the implementation of the framework of the Corporate Social Responsibility Policy of the Company.

INTERNAL FINANCIAL CONTROLS

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of fraud, error reporting mechanisms, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures.

Your Directors' report that your Company has adequate internal controls commensurate with its size and nature of operations. There are suitable monitoring procedures in place to provide reasonable assurance for accuracy and timely reporting of the financial information and compliance with the statutory requirements. There are proper policies, guidelines and delegation of power issued for compliance across the Company.

For the purpose of ensuring accuracy in the preparation of the financials, your Company has implemented various checks and balances like periodic reconciliation of major accounts, review of accounts, obtaining confirmation of various balances and proper approval mechanism. There is proper reconciliation of the transactions captured to ensure the accuracy and completeness of the transaction posted in financial accounting.

Your Company has documented all major processes in the area of revenue, expenses, bank transactions, payments, statutory compliances and period end financial accounting processes. Your company is continuously putting its efforts to align the processes and controls with the best practices in the industry.

The Audit Committee periodically reviews the important matters and findings of the internal audit.

VIGIL MECHANISM

Your Company has adopted a Whistle Blower and Vigil Mechanism Policy as a channel for receiving and redressing complaints from employees and Directors, as per the provisions of Section 177(9) and (10) of the Companies Act, 2013. Under this policy, your Company encourages its employees to report any reporting of fraudulent financial or other information to the stakeholders, and any conduct that results in violation of the Company's code of conduct, to the management (on an anonymous basis, if employees so desire). Further, your Company has prohibited discrimination, retaliation or harassment of any kind against any employees who, based on the employee's reasonable belief that such conduct or practice have occurred or are occurring, reports that information or participates in the investigation. The Policy is appropriately communicated within the Company across all levels. The said policy is also available on the website of the Company at <https://www.kfintech.com/>.

RISK MANAGEMENT

Your Company has developed and implemented Risk Management Framework including identification of key risk elements which may threaten the existence of the Company. The implementation is periodically reviewed by the Audit Committee of the Board.

SIGNIFICANT AND MATERIAL ORDERS

During the Financial Year under review, there were no significant and material orders passed by Regulators/ Courts/ Tribunals impacting the going concern status of the Company and its future options.

FRAUD REPORTING

During the Financial Year under review, the Auditors had not reported any matter under Section 143(12) of the Companies Act, 2013.

MATERIAL CHANGES AND COMMITMENTS

There were no material changes and commitments affecting the financial position of the Company subsequent to the close of the Financial Year to which the Financial Statement relates and the date of this report.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

A. Conservation of Energy:

The Company uses electric energy for its equipment such as air conditioners, computer terminals, lighting and utilities on the work premises. All possible measures have been taken to conserve energy.

Sr. No.	Particulars	Details
(i)	The steps taken or impact on conservation of energy	The company's operation does not consume a significant amount of energy.
(ii)	The steps taken by the company for utilizing alternate sources of energy.	Not applicable, in view of comments in clause (i)
(iii)	The capital investment in energy conservation equipment	Not applicable, in view of comments in clause (i)

B. Technology Absorption, Adaptation and Innovation:

Sr. No.	Particulars	Details
(i)	The effort made toward technology absorption	Not applicable
(ii)	The benefits derived like product improvement cost reduction product development or import substitution	Not applicable
(iii)	In case of imported technology (important during the last three years reckoned from the beginning of the financial year) (a) the details of technology imported (b) the year of import; (c) whether the technology has been fully absorbed (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	Not applicable
(iv)	The expenditure incurred on research and development	Not applicable

C. Foreign Exchange Earnings and Outgo: (In Rupees Lakh)

Particulars	F.Y. 2021-22	F.Y. 2020-21
Inflow	6,390.90	5,908.00
Outflow	562.00	120

CORPORATE GOVERNANCE

Your Company believes in adopting best practices of corporate governance, which form the core values of your Company. These guiding principles are also articulated through the Company's code of business conduct, Corporate Governance guidelines, charter of various sub-committees and disclosure policy.

CONTRIBUTION TO THE GO-GREEN INITIATIVE

In its commitment to help the environment, during the Financial Year under review, your Company has taken all necessary steps to reduce the usage of paper. Your Company, in many areas, has made necessary changes in the existing processes to move further towards a paperless work environment.

EDUCATION, TRAINING AND QUALITY ASSESSMENT

Your directors wish to inform that your Company has been continuing training programs for overall development of the employees. New schemes have been introduced to recognize and reward the best talent.

PREVENTION OF SEXUAL HARASSMENT

Your Company has always believed in providing a safe and harassment free workplace for every individual working in the premises through various interventions and practices. The Company always endeavors to create and provide an environment that is free from discrimination and harassment including sexual harassment.

Your Company has framed a Policy on prevention of Sexual Harassment at workplace in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Policy has set forth the guidelines on the redressal and enquiry process to be followed by complainants and the Internal Complaints Committee, whilst dealing with issues related to sexual harassment at the workplace towards any women employee. All women employees (permanent, temporary, contractual and trainees) are covered under this policy. All employees are treated with dignity, with a view to maintain a work environment free of sexual harassment whether physical, verbal, or psychological.

During the Financial Year under review, no complaints with the allegation of sexual harassment were filed with the Company. Your Company has conducted awareness and training programmes as under:

- i. Induction sessions for new joiners on the subject of Prevention of Sexual Harassment of Women at Workplace;
- ii. E-Learning module on Prevention of Sexual Harassment was made mandatory for all employees;

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that:

- a. in preparation of the annual accounts for the Financial Year under review, applicable Indian accounting standards have been followed along with proper explanation relating to material departures;
- b. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and profit of the Company for that period;
- c. they have taken proper and sufficient care towards the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- d. they have prepared the annual accounts on a going concern basis;
- e. they have laid down internal financial controls, which are adequate and are operating effectively;
- f. they have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

SECRETARIAL STANDARDS

The Directors state that applicable Secretarial Standards, *i.e.*, SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly followed by the Company.

APPLICATION / PROCEEDING UNDER INSOLVENCY AND BANKRUPTCY CODE

During the Financial Year 2020-21, the Company had filed an Application/Petition before the Hon'ble National Company Law Tribunal, Bengaluru Bench at Bengaluru ("Hon'ble Tribunal") under Section 9 of the Insolvency and Bankruptcy Code, 2016 against ITI Limited for non-payment of Rs. 10,87,43,944/- due to the Company for the services rendered by the Company. During the Financial Year under review, the Company has withdrawn the said application filed before the Hon'ble Tribunal as ITI Limited had settled its outstanding dues in full.

During the Financial Year under review, except the aforesaid, neither the Company had filed any application nor any proceeding was pending under the Insolvency and Bankruptcy Code, 2016.

OTHER DISCLOSURES

During the Financial Year under review:

- a. there was no reportable event relating to the one-time settlement with Banks or Financial Institutions;
- b. there was no reportable event relating to revision of the Financial Statement or Board's Report;
- c. the provisions of Section 67(3) of the Companies Act 2013, is not applicable to the Company.

ACKNOWLEDGEMENT

Your Directors wish to express their immense gratitude to the Government of India, Company's Regulators, Shareholders, bankers, vendors, clients and investors for their co-operation and for the confidence reposed in the Company and look forward to their continued support.

Your Directors place on record their deep sense of appreciation and gratitude to the employees at all levels, and more specifically, to the senior management team of the Company for their unstinted support, during the Financial Year under review.

**On Behalf of the Board of Directors of
KFin Technologies Limited**

Vishwanathan Mavila Nair
Chairperson
DIN: 02284165

Venkata Satya Naga Sreekanth Nadella
Whole-time Director and CEO
DIN: 08659728

June 06, 2022 | Mumbai

ANNEXURE 1 TO THE REPORT OF THE BOARD OF DIRECTORS

Details of Options Granted under the ESOP Schemes as on March 31, 2022

[Pursuant to Section 62 of the Companies Act, 2013 and Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014]

Sr. No.	Particulars	KFin Employee Stock Option Plan 2020 - Scheme A	KFin Employee Stock Option Plan 2020 - Scheme B
01	Options granted	18,20,249	20,15,054
02	Options vested	209,828	1,28,461
03	Options exercised	NIL	NIL
04	Total number of shares arising as a result of exercise of option	N/A	200 Equity Shares
05	Options lapsed	7,63,974	3,96,114
06	Exercise price	N/A	Rs.70.36 and Rs. 91.98 per option
07	Variation of terms of options	N/A	N/A
08	Money realized by exercise of options	N/A	Rs.19, 685 (excluding tax)
09	Total number of options in force	16,10,421	18,86,593
10	Employee wise details of options granted to:		
	Key Managerial Personnel	5,03,009	4,64,344
	Any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year	4,85,296	3,06,900
	Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	NIL	NIL

Sr. No.	Particulars	KFin Employee Stock Option Plan 2020 - Scheme C	KFin Employee Stock Option Plan 2020 - Scheme D
01	Options granted	18,44,292	19,30,966
02	Options vested	NIL	NIL
03	Options exercised	NIL	NIL
04	Total number of shares arising as a result of exercise of option	N/A	N/A
05	Options lapsed	633,983	25,073
06	Exercise price	N/A	N/A
07	Variation of terms of options	N/A	N/A
08	Money realized by exercise of options	N/A	N/A
09	Total number of options in force	18,44,292	19,30,966
10	Employee wise details of options granted to:		
	Key Managerial Personnel	4,64,344	2,51,027
	Any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year	3,06,900	1,00,234
	Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	NIL	NIL

Sr. No.	Particulars	KFin Employee Stock Option Plan 2020 - Scheme E	KFin Employee Stock Option Plan 2020 - Scheme F
01	Options granted	3,96,353	4,09,497
02	Options vested	NIL	NIL
03	Options exercised	NIL	NIL
04	Total number of shares arising as a result of exercise of option	N/A	N/A
05	Options lapsed	11,183	11,183
06	Exercise price	N/A	N/A

Sr. No.	Particulars	KFin Employee Stock Option Plan 2020 - Scheme E	KFin Employee Stock Option Plan 2020 - Scheme F
07	Variation of terms of options	N/A	N/A
08	Money realized by exercise of options	N/A	N/A
09	Total number of options in force	3,96,353	409,497
10	Employee wise details of options granted to:		
	Key Managerial Personnel	2,46,057	2,36,116
	Any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year	59,180	1,40,840
	Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	NIL	NIL

Sr. No.	Particulars	KFin Employee Stock Option Plan 2020 - Scheme G
01	Options granted	1,98,340
02	Options vested	NIL
03	Options exercised	NIL
04	Total number of shares arising as a result of exercise of option	N/A
05	Options lapsed	NIL
06	Exercise price	N/A
07	Variation of terms of options	N/A
08	Money realized by exercise of options	N/A
09	Total number of options in force	1,98,340
10	Employee wise details of options granted to:	
	Key Managerial Personnel	NIL
	Any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year	198,340

Sr. No.	Particulars	KFin Employee Stock Option Plan 2020 - Scheme G
	Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	NIL

**On Behalf of the Board of Directors of
KFin Technologies Limited**

Vishwanathan Mavila Nair
Chairperson
DIN: 02284165

Venkata Satya Naga Sreekanth Nadella
Whole-time Director and CEO
DIN: 08659728

June 06, 2022 | Mumbai

ANNEXURE 2 TO THE REPORT OF THE BOARD OF DIRECTORS

Statement of Disclosure of Remuneration

[Pursuant to Section 197 of the Companies Act, 2013 and Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

- i. **Ratio of remuneration of each Director to the median remuneration of the employees for the Financial Year 2021-22 and the percentage increase in remuneration of each Director, if any, during the Financial Year 2021-22**

Sr. No.	Name	Ratio of remuneration to median remuneration of employees	Percentage increase in remuneration
01	Mr. Venkata Satya Naga Sreekanth Nadella, Whole-time Director and Chief Executive Officer	1:113	58.30%

- ii. **The percentage increase in remuneration of Chief Financial Officer, Chief Executive Officer, Company Secretary in the Financial Year 2021-22**

Sr. No.	Name	Percentage increase in remuneration
01	Mr. Vivek Mathur, Chief Financial Officer	10.00%
02	Ms. Alpana Kundu, Company Secretary	33.33%

- iii. **The percentage increase in the median remuneration of employees during the Financial Year 2021-22**

The median remuneration of employees during the Financial Year 2021-22 increased by 8.2%.

- iv. **The number of permanent employees on the rolls of the Company**

There were 5,334 permanent employees on the rolls of the Company as on March 31, 2022.

- v. **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration**

Not applicable

- vi. **Affirmation that the remuneration is as per the remuneration policy of the Company**

The Company affirms that the remuneration paid is as per the Remuneration Policy of the Company.

Statement of Employees Remuneration as on March 31, 2022

[Pursuant to Section 197 of the Companies Act, 2013 and Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

Sr. No.	Name	Age	Designation	Remuneration received	Nature of Employment	Qualifications	Experience (in years)	Date of commencement of employment	Last employment held	% of equity shares held in the company	Relative of Director
01	Venkata Satya Naga Sreekanth Nadella	43	Whole-time Director and CEO	2,60,71,658.00	Permanent	CA	20	28/06/2018	Karvy Computershare Private Limited	Negligible	No
02	Vivek Narayan Mathur	55	Chief Financial Officer	18,976,099.00	Permanent	CA	26	23/01/2020	Bajaj Capital Limited	Negligible	No
03	Sathish Kumar Nuggu	47	Chief Technology and Operations Officer	13,469,110.00	Permanent	B.E/B.Tech	24	01/12/2020	Virtusa Corporation	NIL	No
04	Venkata Giri Vonkayala	52	Chief Data Officer	8,095,845.00	Permanent	MBA	23	03/08/2020	Michelin India	NIL	No
05	Chetna Suresh Mulani	48	Senior Vice President	7,731,503.00	Permanent	ML/LLM	20	24/08/2020	Cognizant	NIL	No
06	Ajit Kumar	43	Chief Strategy Officer	6,790,875.00	Permanent	MBA	09	28/06/2021	Oppo Mobile India Private Limited	NIL	No
07	Meena Prashant Pednekar	52	Senior Vice President	6,367,556.00	Permanent	MBA	30	19/10/2020	Stock Holding Corporation of India Limited	NIL	No

Sr. No.	Name	Age	Designation	Remuneration received	Nature of Employment	Qualifications	Experience (in years)	Date of commencement of employment	Last employment held	% of equity shares held in the company	Relative of Director
08	Giridhar G	58	Chief Business Development Officer	6,271,900.00	Permanent	BA, LIII	25	23/07/2004	Karvy Computershare Pvt Ltd	NIL	No
09	Suresh Babu Vutukuri	41	Senior Vice President	6,055,251.00	Permanent	ICWA	18	30/06/2016	Aditya Birla Retail Limited	NIL	No
10	Deepak Parasiya	45	Senior Vice President	5,955,000.00	Permanent	B.E/B.Tech	22	15/03/2021	Accenture Services Private Limited	NIL	No

**On Behalf of the Board of Directors of
KFin Technologies Limited**

Vishwanathan Mavila Nair
Chairperson
DIN: 02284165

Venkata Satya Naga Sreekanth Nadella
Whole-time Director and CEO
DIN: 08659728

June 06, 2022 | Mumbai

ANNEXURE 3 TO THE REPORT OF THE BOARD OF DIRECTORS

Form No. AOC – 1

Statement containing salient features of the financial statement of Subsidiaries / Associate Companies / Joint Ventures

[Pursuant to Section 129 of the Companies Act, 2013 and Rule 5 of the Companies (Accounts) Rules, 2014]

Part A: Subsidiaries

Amounts in Rupees Lakh

Sr. No.	Particulars	Details	
01	Name of the Subsidiary	KFin Services Private Limited	KFin Technologies (Malaysia) SDN. BHD.
02	Date since when Subsidiary was acquired	January 06, 2020	November 17, 2018
03	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	April to March	April to March
04	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	INR (Indian Rupees)	MYR (Malaysian Ringgit) Exchange Rate: 1 MYR = INR 18.0523
05	Share capital	551.00	178.47
06	Reserves and surplus	(106.65)	237.30
07	Total assets	449.50	850.28
08	Total liabilities	5.15	434.51
09	Investments	NIL	NIL
10	Turnover	NIL	2,038.46
11	Profit before taxation	(103.59)	153.62
12	Provision for taxation	NIL	(87.55)
13	Profit after taxation	(103.59)	66.07
14	Proposed dividend	NIL	NIL
	% of shareholding	100.00%	100.00%

Amounts in Rupees Lakh

Sr. No.	Particulars	Details	
01	Name of the Subsidiary	KFin Technologies (Bahrain) W.L.L.	Hexagram Fintech Private Limited
02	Date since when Subsidiary was acquired	November 17, 2018	February 07, 2022
03	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	April to March	April to March
04	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	BHD (Bahraini Dinar) Exchange Rate: 1 BHD = INR 197.9017	INR (Indian Rupees)
05	Share capital	79.16	799.00
06	Reserves and surplus	268.28	(67.37)
07	Total assets	487.39	899.41
08	Total liabilities	139.94	167.78
09	Investments	247.38	91.08
10	Turnover	325.34	574.50
11	Profit before taxation	10.36	(61.42)
12	Provision for taxation	NIL	NIL
13	Profit after taxation	NIL	(76.79)
14	Proposed dividend	NIL	NIL
15	% of shareholding	100.00%	100.00%

Amounts in Rupees Lakh

Sr. No.	Particulars	Details
01	Name of the Subsidiary	Hexagram Fintech SDN. BHD.
02	Date since when Subsidiary was acquired	February 07, 2022
03	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	April to March
04	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	MYR (Malaysian Ringgit) Exchange Rate: 1 MYR = INR 18.0523

Sr. No.	Particulars	Details
05	Share capital	96.33
06	Reserves and surplus	5.32
07	Total assets	216.88
08	Total liabilities	115.23
09	Investments	NIL
10	Turnover	271.20
11	Profit before taxation	(43.48)
12	Provision for taxation	0.17
13	Profit after taxation	(43.30)
14	Proposed dividend	NIL
15	% of shareholding	100%

Sr. No.	Company	Country of Incorporation
A] Subsidiaries which are yet to commence operations		
	None	
B] Subsidiaries which have been liquidated or sold during the year		
	None	

Part B: Associates and Joint Ventures – None

**On Behalf of the Board of Directors of
KFin Technologies Limited**

Vishwanathan Mavila Nair
Chairperson
DIN: 02284165

Venkata Satya Naga Sreekanth Nadella
Whole-time Director and CEO
DIN: 08659728

June 06, 2022 | Mumbai

ANNEXURE 4 TO THE REPORT OF THE BOARD OF DIRECTORS

Form No. MR – 3

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

Secretarial Audit Report For the Financial Year ended March 31, 2022

To
The Members
KFIN TECHNOLOGIES LIMITED
(formerly KFIN TECHNOLOGIES PRIVATE LIMITED)
Hyderabad.

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **KFIN TECHNOLOGIES LIMITED (formerly KFIN TECHNOLOGIES PRIVATE LIMITED) [CIN: U72400TG2017PLC117649]** (hereinafter called “the Company”) for the year ended **31st March, 2022**. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2022 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2022 according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made there under;
- ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment and External Commercial Borrowings;
- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act): -
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not applicable to the Company during the year under review)**
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

- d. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; **(Not applicable to the Company during the year under review)** and
- h. The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018; **(Not applicable to the Company during the year under review)**
- vi) The following other laws, rules and regulations as may be specifically applicable to the company:
 - a. Pension Fund Regulatory and Development Authority Act and Pension Fund Regulatory and Development Authority (Central Recordkeeping Agency) Regulations, 2015.
 - b. The International Financial Services Centres Authority Act, 2019 including Rules, Regulations and Guidelines made thereunder.

I have also examined compliance with the applicable clauses of the following:

- a. Secretarial Standards issued and amended by the Institute of Company Secretaries of India;
- b. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (applicable to the extent of issue of Debt Securities, upto December 29, 2021)

During the period under review, the Company has complied with the applicable provisions of the Act, Rules, Regulations and Guidelines and standards etc., mentioned above subject to the following observations:

I further report that

- a. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- b. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at the Board meetings were carried out unanimously as recorded in the minutes of the meetings of the Board of Directors. No dissenting views were expressed by the directors during the Board meetings held during the year.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, the Company has the following specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, regulations, guidelines and standards:

- a. The Company has allotted:
- i. 1,67,25,100 (One Crore Sixty-Seven Lakhs Twenty-Five Thousand One Hundred) Equity Shares on 10th November, 2021 on Private Placement basis.
 - ii. 1000 (One Thousand) non-convertible redeemable preference shares (RPS) on 25th October, 2021 on Private Placement basis.
 - iii. 200 (Two Hundred) Equity shares on 18th January, 2022 under KFin Employee Stock Option Plan 2020 - Scheme B to the eligible employees
- b. The Company has carried out early redemption of debentures aggregating to Rs. 400,00,00,000/- (Rupees Four Billion) on 29th December, 2021; the same has been intimated to BSE Limited on December 30, 2021..
- c. The Company has altered the Articles of Association of the Company by deleting the provisions of the terminated Share Purchase Agreement entered on 3rd August, 2017 by passing a special resolution at the Annual General Meeting held on 30th September, 2021.
- d. The Company has **altered the Capital clause of Memorandum of Association** by way of reclassification of Share Capital i.e., Cancellation of un-issued Equity shares and simultaneous creation of Preference Shares by passing an ordinary resolution approved at the Annual general meeting held on 30th September, 2021;
- e. The Company has **altered the existing Clause “14 A” of the Articles of Association** by way of assigning power to the Board of Directors to convene a General Meeting at shorter notice than as prescribed under the Act, and to exclude the provisions of Section 101 of the Companies Act, 2013 by passing a special resolution approved at the Extra-Ordinary General Meeting held on 12th October, 2021;
- f. The Company has acquired 100% stake in Hexagram FinTech Private Limited (“Hexagram”) (CIN: U72900KA2020PTC135994) and consequently Hexagram has become Wholly Owned Subsidiary Company w.e.f. 7th February, 2022.
- g. The Company has converted its status from “Private Limited” to “Public Limited” w.e.f. 24th February, 2022 and consequential amendments were made in Articles of Association and Memorandum of Association of the Company.
- h. The Board of Directors of the Company approved its Initial Public Offer through Offer for Sale at its meeting held on 24th March, 2022 and approved the issue size of up to Rs. 24,000 million at its meeting held on 30th March, 2022.

For **D V Rao & Associates**
Company Secretaries

Date: 02/06/2022
Place: Hyderabad

CS Vasudeva Rao Devaki
Practicing Company Secretary
FCS # 8888; COP # 12123
UDIN: F008888D000454564

This Report is to be read with our letter which is annexed as **Annexure-A** and forms an integral part of this report.

‘Annexure-A’

To
The Members
KFIN TECHNOLOGIES LIMITED
Hyderabad

My report of even date is to be read along with this letter.

1. Maintenance of Secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. I believe that the process and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events, etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The compliance by the Company of the applicable financial laws like direct and indirect tax laws and maintenance of financial records and books of accounts has not been reviewed by me since the same have been subject to review by statutory auditors and other professionals.
7. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
8. Under the situation of Covid-19 pandemic prevailing during certain part of audit period, the audit for that part of the period was conducted with the verification of all the documents, records and other information electronically as provided by the management.

For **D V Rao & Associates**
Company Secretaries

Date: 02/06/2022
Place: Hyderabad

CS Vasudeva Rao Devaki
Practicing Company Secretary
FCS # 8888; COP # 12123

ANNEXURE 5 TO THE REPORT OF THE BOARD OF DIRECTORS

Annual Report on CSR Activities

For the Financial Year Ended March 31, 2022

[Pursuant to Section 135 of the Companies Act, 2013 and Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014]

1. BRIEF OUTLINE ON CSR POLICY OF THE COMPANY

KFin Technologies Limited ('KFinTech' or 'the Company') has developed a Corporate Social Responsibility Policy (hereinafter to be referred as 'CSR Policy') in alignment with its objective, principles and values, for delineating its responsibility as a socially and environmentally responsible corporate citizen. The Policy lays down the principles and mechanisms for undertaking various programs in accordance with Section 135 of the Companies Act 2013.

It is the Company's philosophy, firm belief, and intent to effectively implement CSR and make a positive difference to society. It recognizes that it cannot do it all; so that if there are choices to be made, bias will be towards doing fewer projects with better outcomes and good impact and will focus initiatives on communities in which the Company lives, operates and particularly forming community whose development is the basic mission of the Company.

2. COMPOSITION OF THE CSR COMMITTEE

Sr. No.	Name of Director	Designation / Nature of Directorship	Number of Meetings of CSR Committee held during the year	Number of Meetings of CSR Committee attended during the year
01	Ms. Sonu H Bhasin	Independent Director	Four	Four
02	Mr. Prashant Saran	Independent Director	Four	Four
03	Mr. Sandeep Achyut Naik	Nominee Director	Four	Four

3. WEB-LINK WHERE COMPOSITION OF CSR COMMITTEE, CSR POLICY AND CSR PROJECTS APPROVED BY THE BOARD ARE DISCLOSED ON THE WEBSITE OF THE COMPANY

The Composition of the CSR Committee is available at <https://www.kfintech.com/about-us/>

The CSR Policy approved by the Board is available at https://www.kfintech.com/wp-content/uploads/2021/03/KFinTech_Corporate-Social-Responsibilities-Policy.pdf

The CSR projects approved by the Board are available at <https://www.kfintech.com/disclosures/>

4. DETAILS OF IMPACT ASSESSMENT OF CSR PROJECTS CARRIED OUT IN PURSUANCE OF SUB-RULE (3) OF RULE 8 OF THE COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014

During the financial year under review, the relevant provisions of the Companies Act, 2013 and the rules made thereunder relating to impact assessment of CSR projects, were not applicable to the Company.

5. DETAILS OF THE AMOUNT AVAILABLE FOR SET OFF IN PURSUANCE OF SUB-RULE (3) OF RULE 7 OF THE COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014 AND AMOUNT REQUIRED FOR SET OFF FOR THE FINANCIAL YEAR, IF ANY

Sr. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be set-off for the financial year, if any (in Rs)
01	2020-21	32,000	NIL
02	2019-20	NIL	NIL
03	2018-19	NIL	NIL
Total		32,000	NIL

6. AVERAGE NET PROFIT OF THE COMPANY AS PER SECTION 135(5)

Average net profit of the Company for the previous three financial years is Rs. 3,454.92 Lakh.

7.

Sr. No.	Particulars	Details
01	Two percent of average net profit of the company as per Section 135(5)	69,10,000
02	Surplus arising out of the CSR projects or programmes or activities of the previous financial years	NIL
03	Amount required to be set off for the financial year, if any	NIL
04	Total CSR obligation for the financial year (7a+7b-7c)	69,10,000

8. (a) CSR AMOUNT UNSPENT FOR THE FINANCIAL YEAR

Total Amount Spent for the Financial Year (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
69,10,000	N/A	N/A	N/A	N/A	N/A

(b) DETAILS OF CSR AMOUNT SPENT AGAINST ONGOING PROJECTS FOR THE FINANCIAL YEAR

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Project duration	Amount allocated for the project (in Rs.)	Amount spent in the current financial Year (in Rs.).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.)	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
Not Applicable												

(c) DETAILS OF CSR AMOUNT SPENT AGAINST OTHER THAN ONGOING PROJECTS FOR THE FINANCIAL YEAR

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (in Rs.).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration number
01	COVID-19 vaccination drive	Promoting healthcare including preventive health care	Yes	Telangana	Rangareddi	36,430	Yes (in collaboration with Corporate Hospital)	N/A	N/A
02	School Transformation Program	Promoting education	Yes	Telangana	Medak	68,73,570	Yes	N/A	N/A
Total						69,10,000			

(d) Amount spent in Administrative Overheads

NIL

(e) Amount spent on Impact Assessment, if applicable

During the financial year under review, the relevant provisions of the Companies Act, 2013 and the rules made thereunder relating to impact assessment of CSR projects, were not applicable to the Company.

(f) Total amount spent for the Financial Year (8b+8c+8d+8e)

Rs. 69,10,000 (Rupees Sixty-Nine Lakh Ten Thousand only)

(g) Excess amount for set off, if any

Sr. No.	Particulars	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	69,10,000
(ii)	Total amount spent for the Financial Year	69,10,000

Sr. No.	Particulars	Amount (in Rs.)
(iii)	Excess amount spent for the financial year [(ii)-(i)]	NIL
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	NIL

9. (a) DETAILS OF UNSPENT CSR AMOUNT FOR THE PRECEDING THREE FINANCIAL YEARS

Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR	Amount spent in the reporting Financial Year (in Rs.)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs)	Date of transfer	
01	2020-21	NIL					
02	2019-20	NIL					
03	2018-19	NIL					
Total		NIL					

(b) DETAILS OF CSR AMOUNT SPENT IN THE FINANCIAL YEAR FOR ONGOING PROJECTS OF THE PRECEDING FINANCIAL YEAR(S)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sr. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in Rs.).	Amount spent on the project in the reporting Financial Year (in Rs.).	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project- Completed / Ongoing.
01						Not Applicable		
02						Not Applicable		
03						Not Applicable		
Total								

10. CREATION OR ACQUISITION OF CAPITAL ASSET, FURNISH THE DETAILS RELATING TO THE ASSET SO CREATED OR ACQUIRED THROUGH CSR SPENT IN THE FINANCIAL YEAR (ASSET-WISE DETAILS)

Sr. No.	Particulars	Amount (in Rs.)
(a)	Date of creation or acquisition of the capital asset(s)	N/A
(b)	Amount of CSR spent for creation or acquisition of capital asset	N/A
(c)	Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc	N/A
(d)	Details of the capital asset(s) created or acquired (including complete address and location of the capital asset)	N/A

11. REASON(S), IF THE COMPANY HAS FAILED TO SPEND TWO PER CENT OF THE AVERAGE NET PROFIT AS PER SECTION 135(5)

Not Applicable

On Behalf of the Corporate Social Responsibility Committee

Sonu Halan Bhasin
Chairperson of the CSR Committee
DIN: 02872234

Venkata Satya Naga Sreekanth Nadella
Whole-time Director and CEO
DIN: 08659728

June 06, 2022 | Mumbai

CORPORATE GOVERNANCE REPORT

COMPANY'S CORPORATE GOVERNANCE PHILOSOPHY

The Company believes in adopting best practices of corporate governance, which form the core values of your Company. These guiding principles are also articulated through the Company's code of business conduct, Corporate Governance guidelines, charter of various Committees, sub-committee and disclosure policy.

The Company strives to ensure compliance with the various Corporate Governances and considers it as its inherent responsibility to protect the rights of Company's stakeholders and disclose timely, adequate and accurate information regarding the financials and performance, as well as the leadership and governance of the Company.

The Board ensures the strategies adopted to promote the sustainability of the company and also ensures the Company's compliance with all applicable laws, regulations, governance, guidelines and regulations and establishes the systems to effectively monitor and control compliance across the Company.

This report highlights the Company's practices for the Financial Year 2021-22.

Code of Conduct

The Company has adopted the policy on Code of Conduct and Business Ethics for its employees to observe and exhibit high degree of professional ethics, fairness & transparency in conducting themselves in discharge of their duties and responsibilities in line with the Company's Code of Conduct including all other organizational policies, codes and the laws in force in this regard. The Company believes that we must always act with integrity to ensure we are trusted by its business partners, customers and our stakeholders. It is always expected that the employee acts with a high degree of integrity to ensure that trust is maintained by the business partners, customers and the Company's stakeholders.

The Company has also adopted the Code of Conduct for its Directors. The Code is a professional conduct guideline for Directors of the Company. Adherence to this Code by Directors and fulfilment of their responsibilities in a professional and faithful manner which promotes confidence of various stakeholders including various regulators. Implementation of best Corporate Governance practices by Directors enhances the Company's governance and management efficiency which improves its image and contributes to the overall value growth of the Company's shareholders.

A declaration signed by the Whole-time Director and Chief Executive Officer of the Company stating that the members of Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct is enclosed as Annexure 1 to this Report.

Both the Codes of Conduct are available on the website of the Company at <https://www.kfintech.com/disclosures/>

Prohibition of Insider Trading

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, the Board of Directors ('the Board') of the Company has adopted the Code for Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information, Code of conduct to regulate, monitor and report trading by designated persons, Code of conduct as intermediaries and fiduciaries to

regulate, monitor and report trading by designated persons, policy and procedures for inquiry in case of leak of unpublished price sensitive information and policy for determination of legitimate purposes.

All our Promoters, Directors, Employees of the Company who are identified as Designated Persons, and their Immediate Relatives and other Connected Persons such as auditors, consultants, bankers amongst others, who could have access to the unpublished price sensitive information of the Company are governed under these Codes and Policies.

These codes and policies are available on the website of the Company at <https://www.kfintech.com/disclosures/>.

BOARD OF DIRECTORS

The Board of the Company is responsible for overseeing the corporate governance framework. The Board adopts strategic plans and policies, monitoring the operational performance, establishing policies and processes that ensure integrity of the Company's internal controls and risk management. The Board establishes clear roles and responsibilities in discharging its fiduciary and leadership functions and also ensures that the management actively cultivates a culture of ethical conduct and sets the values to which the institution will adhere.

Composition of the Board

The Company recognizes and embraces the importance of a diverse Board for its success. As on March 31, 2022, the Board comprised of an Executive Director and Eight Non-Executive Directors including three Independent Directors one of whom is a Woman Director.

The composition of the Board of Directors of the Company is in conformity with Section 149 of the Companies Act, 2013. The Board periodically evaluates the need for change in its composition and size. Detailed profiles of our Directors is available on the website of the Company at <https://www.kfintech.com/about-us/>.

Independent Directors are Non-Executive Directors as defined under Section 149(6) of the Companies Act, 2013 along with rules framed thereunder. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as prescribed under Section 149 of the Companies Act, 2013 and that they are independent of the management. Further, the Independent Directors have in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment & Qualification of Directors) Rules, 2014, confirmed that they have enrolled themselves in the Independent Directors' Databank maintained by the Indian Institute of Corporate Affairs and either completed the proficiency test or exempted from undergo with such test.

The Company has issued formal letters of appointment to the Independent Directors and their appointments are in compliance with the Act. The terms and conditions of appointment of Independent Directors including their role, responsibilities and duties are available on our website at <https://www.kfintech.com/disclosures/>.

There are no inter-se relationships between our Board Members.

The composition of the Board as on March 31, 2022 along with details of Directorship(s)/ Committee Membership(s)/ Chairmanship(s) and their shareholding in the Company are as under:

Sr. No.	Director	Shareholding in the Company	Directorship(s) in other Indian Listed Companies		Membership(s) of Board Committees of other Indian Listed Companies [#]		Directorship(s) in other listed entity (Category of Directorship)
			Chairperson	Member	Chairperson	Member	
01	Mr. Viswanathan Mavila Nair Non-Executive Director and Chairperson	50 Equity Shares	NIL	NIL	NIL	NIL	NIL
02	Mr. Venkata Satya Naga Sreekanth Nadella Whole-Time Director and Chief Executive Officer	50 Equity Shares	NIL	NIL	NIL	NIL	NIL
03	Mr. Prashant Saran Independent Director	NIL	NIL	NIL	NIL	NIL	NIL
04	Mr. Kaushik Bishnu Mazumdar Independent Director	NIL	NIL	NIL	NIL	NIL	NIL
05	Ms. Sonu Halan Bhasin Independent Director	NIL	NIL	Four	NIL	Three	One
06	Mr. Sandeep Achyut Naik Non-Executive Nominee Director	NIL	NIL	NIL	NIL	NIL	NIL
07	Mr. Shantanu Rastogi Non-Executive Nominee Director	NIL	NIL	NIL	NIL	NIL	NIL
08	Mr. Srinivas Peddada Non-Executive Director	50 Equity Shares	NIL	NIL	NIL	NIL	NIL
09	Mr. Jaideep Hansraj Non-Executive Nominee Director	NIL	NIL	NIL	NIL	NIL	NIL

[#] Includes only Audit Committee and Stakeholders' Relationship Committee

Selection of New Directors and Board Membership Criteria

The Nomination and Remuneration Committee ('NRC') works with the Board to determine the appropriate qualifications, positive attributes, characteristics, skills and experience required for the Board as a whole and its individual members with the objective of having a Board with diverse backgrounds and experience in business, government, education and public service.

Directors Qualifications, Skills, Expertise, Competencies and Attributes

The chart setting out the skills/ expertise/ competencies of the Board of Directors is as under:

Sr. No.	Director	Expertise in specific functional area
01	Mr. Viswanathan Mavila Nair Non-Executive Director and Chairperson	Financial Services and mentoring Fintech start ups
02	Mr. Venkata Satya Naga Sreekanth Nadella Whole-Time Director and Chief Executive Officer	IT and ITES industry
03	Mr. Prashant Saran Independent Director	Regulatory and other functions.
04	Mr. Kaushik Bishnu Mazumdar Independent Director	Finance, Operations, technology and infrastructure verticals
05	Ms. Sonu Halan Bhasin Independent Director	Financial and non-financial sectors in India and overseas
06	Mr. Sandeep Achyut Naik Non-Executive Nominee Director	Operations in India and Asia Pacific
07	Mr. Shantanu Rastogi Non-Executive Nominee Director	Financial Services, Technology, Healthcare, and Consumer sectors in the India & Asia-Pacific region
08	Mr. Srinivas Peddada Non-Executive Director	IT applications and infrastructure to provide strategic support and advice to the investment teams and portfolio companies in the Technology sector in India & Southeast Asia
09	Mr. Jaideep Hansraj Non-Executive Nominee Director	Banking and Securities expertise.

Board Evaluation

The Board evaluation framework has been designed in compliance with the requirements under the Companies Act, 2013 and in consonance with Guidance Note on Board Evaluation issued by SEBI in January 2017. The Board carried out an annual evaluation of its own performance, Board's committees and individual Directors pursuant to the provisions of the Companies Act, 2013. Based on the recommendation of the NRC, the Board laid down the criteria for evaluation. This exercise was carried out through a structured questionnaire prepared

separately for the Board, Committees, Chairperson of the Board and individual Directors. The questionnaires were uploaded at the online tool for the Board members to carry out the evaluation for the Financial Year ending March 31, 2022.

The outcome of evaluation process forms part of the Report of the Board of Directors.

REMUNERATION POLICY FOR BOARD AND SENIOR MANAGEMENT

The Board has approved the Remuneration Policy for Directors, Key Managerial Personnel ('KMP') and all other employees of the Company.

The same is available on the website of the Company at <https://www.kfintech.com/disclosures/>.

Details of remuneration of Directors for the F.Y. 2021-22 are as under:

Amounts in Rupees Lakh

Director	Basic	Fixed Salary Perquisite / Allowance	Total Fixed Salary	Commission / Bonus	Sitting Fees	Total Compensation
Independent Directors						
Mr. Prashant Saran	NIL	NIL	NIL	24.00	NIL	24.00
Mr. Kaushik Bishnu Mazumdar	NIL	NIL	NIL	24.00	NIL	24.00
Ms. Sonu Halan Bhasin	NIL	NIL	NIL	22.50	NIL	22.50
Executive Director						
Mr. Venkata Satya Naga Sreekanth Nadella	72.00	95.22	167.22	153.50	NIL	320.72*
Non-Executive and Nominee Directors						
Mr. Viswanathan Mavila Nair	NIL	NIL	NIL	75.00	NIL	75.00
Mr. Sandeep Achyut Naik	NIL	NIL	NIL	NIL	NIL	NIL
Mr. Shantanu Rastogi	NIL	NIL	NIL	NIL	NIL	NIL
Mr. Srinivas Peddada	NIL	NIL	NIL	NIL	NIL	NIL
Mr. Jaideep Hansraj	NIL	NIL	NIL	NIL	NIL	NIL

** Inclusive of variable pay paid for F.Y. 2020-21 amounting to Rs. 33.50 Lakh and provision for variable pay payable for H.Y.E. March 31, 2022 amounting to Rs. 60 Lakh.*

Details of options granted to the Directors during the Financial Year 2021-22, under the KFin Employee Stock Option Plan 2020, are as under:

Sr. No.	Director	Options granted	
01	Mr. Viswanathan Mavila Nair Non-Executive Director and Chairperson	Scheme D	: 54,053
		Scheme E	: 40,541
		Scheme F	: 40,541
02	Mr. Venkata Satya Naga Sreekanth Nadella Whole-Time Director and Chief Executive Officer	Scheme D	: 1,20,000
		Scheme E	: 90,000
		Scheme F	: 90,000
03	Mr. Prashant Saran Independent Director	N/A	
04	Mr. Kaushik Bishnu Mazumdar Independent Director	N/A	
05	Ms. Sonu Halan Bhasin Independent Director	N/A	
06	Mr. Sandeep Achyut Naik Non-Executive Nominee Director	NIL	
07	Mr. Shantanu Rastogi Non-Executive Nominee Director	NIL	
08	Mr. Srinivas Peddada Non-Executive Director	Scheme D	: 20,000
		Scheme E	: 15,000
		Scheme F	: 15,000
09	Mr. Jaideep Hansraj Non-Executive Nominee Director	NIL	

Board Meetings

All agenda papers for the Board and Committee meetings are disseminated electronically on a real-time basis, by uploading them on a secured online application. The Board meets at least once a quarter to review the quarterly financial results and other items on the agenda. Additional meetings are held, as and when necessary. Committees of the Board meet before the Board Meeting or whenever the need arises for transacting the business. The recommendations of the Committees are placed before the Board for necessary approval and/or noting, as the case may be.

During the Financial Year under review, eighteen (18) meetings of the Board were duly convened and held on May 27, 2021, June 24, 2021, September 06, 2021, September 15, 2021, September 24, 2021, October 14, 2021,

October 21, 2021, October 25, 2021 (two meetings), November 01, 2021, November 10, 2021, November 11, 2021, November 30, 2021, December 31, 2021, March 02, 2022, March 11, 2022, March 24, 2022, and March 30, 2022, respectively.

Attendance of Directors at the Board Meetings held during the F.Y. 2021-22, is as under:

Sr. No.	Director	No. of Board Meetings held during the F.Y.	No. of Board Meetings Attended
01	Mr. Viswanathan Mavila Nair Non-Executive Director and Chairperson	Eighteen	Eighteen
02	Mr. Venkata Satya Naga Sreekanth Nadella Whole-Time Director and Chief Executive Officer	Eighteen	Eighteen
03	Mr. Prashant Saran Independent Director	Eighteen	Eighteen
04	Mr. Kaushik Bishnu Mazumdar Independent Director	Eighteen	Seventeen
05	Ms. Sonu Halan Bhasin Independent Director	Eighteen	Seventeen
06	Mr. Sandeep Achyut Naik Non-Executive Nominee Director	Eighteen	Fourteen
07	Mr. Shantanu Rastogi Non-Executive Nominee Director	Eighteen	Seventeen
08	Mr. Srinivas Peddada Non-Executive Director	Eighteen	Eighteen
09	Mr. Jaideep Hansraj Non-Executive Nominee Director	Seven	Seven

Meeting of the Independent Directors

Pursuant to the provisions of Section 149(8) read with Schedule IV to the Act, a meeting of the Independent Directors was held on February 25, 2022 without the presence of Non-Independent Directors and members of the Management to *inter-alia* evaluate the performance of non-Independent Directors, the Chairperson of the Board and the Board as a whole.

COMMITTEES OF THE BOARD

The Board of Directors have constituted statutory and non-statutory Committees viz. Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Risk Management Committee, Stakeholders' Relationship Committee, IPO Committee, IT Strategy Committee, IT Strategy Committee, Business Development and Strategy Committee and Sub-Committee for Operational Risk and Compliance.

Audit Committee

The primary object of the Audit Committee is to assist the Board of Directors (“Board”) in the effective discharge of its responsibilities for corporate governance, financial reporting and internal control system. In the discharge of its functions, the Committee exercises the powers and responsibilities vested on it under the Act, any re-enactment thereof, Securities and Exchange Board of India (“SEBI”) Regulations or any other applicable statutory provisions.

The Company Secretary acts as the Secretary to the Committee. The Committee also assists the Board in fulfilling its corporate governance and overseeing responsibilities in relation to Company's financial reporting, internal control system, recommends to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees, reviews with the management, the annual financial statements before submission to the Board for approval, *etc.*

The scope and function of the Audit Committee is in accordance with the provisions of the Act, the SEBI (LODR) Regulations, 2015 and Terms of Reference (“the Charter”).

During the F.Y. 2021-22, the Committee met six (6) times on June 17, 2021, September 17, 2021, November 11, 2021, November 29, 2021, March 09, 2022 and March 21, 2022.

The composition of the Committee as on March 31, 2022, and the attendance of the members at the meetings held during the F.Y. 2021-22 is as under:

Sr. No.	Director	Category	No. of Meetings held during the tenure	No. of Meetings Attended
01	Mr. Kaushik Bishnu Mazumdar Independent Director	Chairperson	Six	Six
02	Mr. Prashant Saran Independent Director	Member	Six	Six
03	Ms. Sonu Halan Bhasin Independent Director	Member	Six	Five
04	Mr. Shantanu Rastogi Non-Executive Nominee Director	Member	Six	Six

Mr. Kaushik Bishnu Mazumdar, Chairperson of the Audit Committee was present at the last Annual General Meeting of the Company held on September 30, 2021.

Nomination and Remuneration Committee

The purpose of the Nomination and Remuneration Committee (‘Committee’) is to assist the Board of Directors (“Board”) in designing compensation policies, including terms of appointment and tenure, for the directors, key managerial personnel and senior management of the Company that will reward their performances and also retain talented people.

The Committee also recommends to the Board a policy, relating to the appointment, tenure and remuneration for the directors, key managerial personnel and other employees, fixes suitable remuneration package of all the Executive and Non-Executive Directors, Key Managerial Personnel and Senior Employees and officers *i.e.* salary, perquisites, bonuses, stock options, pensions *etc.*, determines fixed component and performance linked incentives along with the performance criteria for all senior employees of the Company, devising a policy on Board diversity, design an effective Employees Stock Option Scheme that covers the grant, vesting and the exercise of the options, specify the manner for effective evaluation of performance of Board, its Committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance, *etc.*

The policy of the Company relating to the remuneration of Directors, Key Managerial Personnel, and other employees, is available on the website of the Company at <https://www.kfintech.com/disclosures/>.

The scope and function of the Nomination and Remuneration Committee is in accordance with the provisions of the Act, the SEBI (LODR) Regulations, 2015 and Terms of Reference (“the Charter”).

During the F.Y. 2021-22 the Committee met seven (7) times on May 25, 2021, September 15, 2021, October 28, 2021, November 24, 2021, February 25, 2022, March 08, 2022 and March 21, 2022.

The composition of the Committee as on March 31, 2022, and the attendance of the members at the meetings held during the F.Y. 2021-22 is as under:

Sr. No.	Director	Category	No. of Meetings held during the tenure	No. of Meetings Attended
01	Ms. Sonu Halan Bhasin Independent Director	Chairperson	Seven	Seven
02	Mr. Kaushik Bishnu Mazumdar Independent Director	Member	Seven	Seven
03	Mr. Sandeep Achyut Naik Non-Executive Nominee Director	Member	Seven	Seven

Ms. Sonu Halan Bhasin, Chairperson of the Nomination and Remuneration Committee was present at the last Annual General Meeting of the Company held on September 30, 2021.

Performance Evaluation Criteria for Independent Directors

Based on the recommendation of the NRC, the Board laid down the criteria for evaluation. The criteria for evaluation of performance of Independent Directors includes participation at Board/ Committee Meetings, managing relationship, knowledge and skill, personal attributes, *etc.*

Corporate Social Responsibility Committee

The purpose of the Corporate Social Responsibility (‘CSR’) Committee is to assist the Board of Directors (‘Board’) in formulating and monitoring Corporate Social Responsibility Policy (‘CSR Policy’) and to recommend the amount of CSR expenditure to be incurred on the activities as per focus areas identified under the

CSR Policy. In the discharge of its functions, the Committee exercises the powers and responsibilities vested on it under the Act, any re-enactment thereof, rules made thereunder or any other applicable statutory provisions.

The Committee also formulates and recommends to the Board, a CSR Policy indicating the activities to be undertaken by the company in areas or subject, specified in Schedule VII to the Act; recommend the amount of CSR expenditure to be incurred on the activities, monitor the CSR Policy of the company from time to time including monitoring the progress of projects or programmes against which CSR expenditure is contributed, ensure that the activities as are included in CSR Policy of the company are undertaken by the Company, *etc.*

The scope and function of the Corporate Social Responsibility Committee is in accordance with the provisions of the Act, the SEBI (LODR) Regulations, 2015 and Terms of Reference (“the Charter”).

The CSR Policy is available on the website of the Company at <https://www.kfintech.com/disclosures/>

During the F.Y. 2021-22, the Committee met four (4) times on May 25, 2021, September 15, 2021, November 24, 2021 and March 08, 2022.

The composition of the Committee as on March 31, 2022, and the attendance of the members at the meetings held during the F.Y. 2021-22 is as under:

Sr. No.	Director	Category	No. of Meetings held during the tenure	No. of Meetings Attended
01	Ms. Sonu Halan Bhasin Independent Director	Chairperson	Four	Four
02	Mr. Prashant Saran Independent Director	Member	Four	Four
03	Mr. Sandeep Achyut Naik Non-Executive Nominee Director	Member	Four	Four

Ms. Sonu Halan Bhasin, Chairperson of the Corporate Social Responsibility Committee was present at the last Annual General Meeting of the Company held on September 30, 2021.

Risk Management Committee

The purpose of the Risk Management Committee (‘RMC’) is to assist the Board of Directors (“Board”) in formulating a detailed risk management policy, ensuring that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company, monitoring and overseeing implementation of the risk management policy, periodically reviewing the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity including evaluating the adequacy of risk management systems, keeping the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken, reviewing appointment, removal and terms of remuneration of the Chief Risk Officer of the Company.

The scope and function of the Risk Management Committee is in accordance with the provisions of the SEBI (LODR) Regulations, 2015 and Terms of Reference (“the Charter”).

As the Committee was constituted by the Board on March 24, 2022, no meetings of the Committee were held during the F.Y. 2021-22. The composition of the Committee as on March 31, 2022 is as under:

Sr. No.	Director	Category	No. of Meetings held during the tenure	No. of Meetings Attended
01	Mr. Prashant Saran Independent Director	Chairperson	NIL	NIL
02	Mr. Kaushik Bishnu Mazumdar Independent Director	Member	NIL	NIL
03	Mr. Sathish Kumar Nuggu Chief Technology & Operations Officer	Member	NIL	NIL

Stakeholders' Relationship Committee

The purpose of the Stakeholders' Relationship Committee ('SRC') is to assist the Board of Directors ("Board") in Redressal of all security holders' and investors' grievances such as complaints related to transfer of shares, including non-receipt of share certificates and review of cases for refusal of transfer/transmission of shares and debentures, non-receipt of balance sheet, non-receipt of declared dividends, non-receipt of annual reports, etc., and assisting with quarterly reporting of such complaints, Reviewing of measures taken for effective exercise of voting rights by shareholders, Reviewing the adherence to the service standards by the Company with respect to various services rendered by the registrar and transfer agent of our Company and to recommend measures for overall improvement in the quality of investor services etc.

The scope and function of the Stakeholders' Relationship Committee is in accordance with the provisions of the Act, the SEBI (LODR) Regulations, 2015 and Terms of Reference ("the Charter").

As the Committee was constituted by the Board on March 24, 2022, no meetings of the Committee were held during the F.Y. 2021-22. The composition of the Committee as on March 31, 2022 is as under:

Sr. No.	Director	Category	No. of Meetings held during the tenure	No. of Meetings Attended
01	Mr. Prashant Saran Independent Director	Chairperson	NIL	NIL
02	Mr. Viswanathan Mavila Nair Non-Executive Director	Member	NIL	NIL
03	Mr. Venkata Satya Naga Sreekanth Nadella Whole-Time Director and Chief Executive Officer	Member	NIL	NIL

Ms. Alpana Kundu, Company Secretary and Compliance Officer is the Compliance Officer for resolution of Shareholders' complaints. During the F.Y. 2021-22, no complaints were received from the shareholders.

IPO Committee

The purpose of the IPO Committee is to assist the Board of Directors (“Board”) in carry on various activities related to proposed IPO of the Company which, inter-alia, include to finalise and amend the terms of participation by the selling shareholders in the IPO for Sale, including to allow revisions in the Offer for Sale portion, in accordance with Applicable Laws, to decide, negotiate and finalize, in consultation with the merchant bankers to the IPO, all matters regarding any pre-IPO placement, including entering into discussions and execution of all relevant documents with investors, take all actions as may be necessary in connection with the IPO, including extending the Bid/ IPO period, revision of the Price Band, in accordance with the Applicable Laws, to approve suitable materiality policies in relation to the IPO or on a post-IPO basis *etc.*

The scope and function of the IPO Committee is in accordance with the Terms of Reference (“the Charter”)

During the F.Y. 2021-22, the Committee met three (3) times on November 29, 2021, March 09, 2022 and March 31, 2022.

The composition of the Committee as on March 31, 2022, and the attendance of the members at the meetings held during the F.Y. 2021-22 is as under:

Sr. No.	Director	Category	No. of Meetings held during the tenure	No. of Meetings Attended
01	Mr. Shantanu Rastogi Non-Executive Nominee Director	Chairperson	Three	Three
02	Mr. Venkata Satya Naga Sreekanth Nadella Whole-Time Director and Chief Executive Officer	Member	Three	Three
03	Mr. Jaideep Hansraj Non-Executive Nominee Director	Member	Three	Three

IT Strategy Committee

The purpose of IT Strategy Committee (“IT&SC”) is to provide insight and advice to the Board of Directors (“Board”) in various areas that may include developments in IT and alignments with the same from investor services perspective, scalability of operations, etc. In the discharge of its functions, the IT&SC shall exercise the powers and responsibilities vested on it under Securities and Exchange Board of India (“SEBI”) Regulations or any other applicable statutory provisions.

The IT&SC also provides insight and advice to the Board in various areas on developments in IT, alignments with the same from investor services perspective, scalability of operations, etc., review Fintech blueprint, IT partners strategy, competitive strategy / positioning and IT annual plan and goals, SAAS, API, forward and backward integration and platform strategy and pricing, for both domestic and international markets, monitor to ensure that, at all times, the Company maintain adequate technical capacity to process twice the peak transaction load encountered during past six months, monitor to ensure implementation of Data Access and Data Protection Policy as per SEBI requirement, *etc.*

The scope and function of the IT&SC is in accordance with Terms of Reference (“the Charter”).

During F.Y. 2021-22, the Committee met four (4) times on June 16, 2021, September 14, 2021, November 23, 2021 and March 07, 2022.

The composition of the Committee as on March 31, 2022, and the attendance of the members at the meetings held during the F.Y. 2021-22 is as under:

Sr. No.	Director	Category	No. of Meetings held during the tenure	No. of Meetings Attended
01	Mr. Srinivas Peddada Non-Executive Director	Chairperson	Four	Four
02	Mr. Kaushik Bishnu Mazumdar Independent Director	Member	Four	Four
03	Mr. Venkata Satya Naga Sreekanth Nadella Whole-Time Director and Chief Executive Officer	Member	Four	Four

Mr. Srinivas Peddada, Chairperson of the IT Strategy Committee was present at the last Annual General Meeting of the Company held on September 30, 2021.

Business Development and Strategy Committee

The purpose of the Business Development & Strategy Committee (‘BD&SC’) is to review and oversee the business development and implementation of the Company’s growth strategies and make recommendations to the Board with respect to potential acquisition, joint venture or divestment opportunities for which the Board’s approval is required.

The ‘BD&SC’ also reviews and oversee the business development and implementation of the Company’s organic & inorganic growth strategies, review and make recommendations to the Board with respect to potential investment, acquisition, joint venture, mergers or divestment strategies of the Company, analyse the principal trends in relation to the Company’s activities and communicate relevant information to the Board of Directors, develop and update the Company’s customer pricing framework, ensure that the pricing framework adequately contributes to the long-term financial viability and profitability of the Company and evaluate all proposals for material changes in the contractual or commercial terms for the existing customers, *etc.*

The scope and function of the BD&SC is in accordance with Terms of Reference (“the Charter”).

During F.Y. 2021-22, the Committee met seven (7) times on May 25, 2021, July 12, 2021, August 06, 2021, September 21, 2021, November 29, 2021, February 15, 2022 and March 07, 2022.

The composition of the Committee as on March 31, 2022, and the attendance of the members at the meetings held during the F.Y. 2021-22 is as under:

Sr. No.	Director	Category	No. of Meetings held during the tenure	No. of Meetings Attended
01	Mr. Shantanu Rastogi Non-Executive Nominee Director	Chairperson	Seven	Seven
02	Mr. Viswanathan Mavila Nair Non-Executive Director	Member	Seven	Seven
03	Mr. Srinivas Peddada Non-Executive Director	Member	Seven	Six
04	Mr. Venkata Satya Naga Sreekanth Nadella Whole-Time Director and Chief Executive Officer	Member	Seven	Seven

Mr. Shantanu Rastogi, Chairperson of the Business Development & Strategy Committee was present at the last Annual General Meeting of the Company held on September 30, 2021.

Sub-Committee for Operational Risk and Compliance

The sub-committee for Operational Risk and Compliance was constituted in view of the renewed compliance focus in the Company and the increased volume of transaction in the Company, for further institutionalizing risk and compliance management across business lines and organisational functions of the Company.

The sub-Committee also to identify the key operational risks that could affect the ability of the Company to achieve its strategies, establish an Operational Risk Management Program to identify, measure, monitor and report on the operational risks that Company faces, establish a operational Compliance mechanism that seeks to ensure the Company's compliance with applicable laws, rules and regulations governing its business, review and approve the Compliance Risk Management Program, which establishes the framework and requirements to manage compliance risk for the Company, review with management progress and results of key operational risk and compliance management projects, oversee management's efforts to manage operational risks through effective governance and management leadership structures and evaluate senior executives' performance as it relates to operational risk and compliance efforts, *etc.*

The scope and function of the sub-committee is in accordance with Terms of Reference ("the Charter").

During F.Y. 2021-22, the Committee met four (4) times on May 26, 2021, September 09, 2021, November 26, 2021 and February 23, 2022.

The composition of the Committee as on March 31, 2022, and the attendance of the members at the meetings held during the F.Y. 2021-22 is as under:

Sr. No.	Director	Category	No. of Meetings held during the tenure	No. of Meetings Attended
01	Mr. Prashant Saran Independent Director	Chairperson	Four	Four

Sr. No.	Director	Category	No. of Meetings held during the tenure	No. of Meetings Attended
02	Mr. V Uma Mahesh GM & Head – Internal Audit	Member	Four	Four
03	Mr. Srinivas Yadav Karri Chief Information Security Officer	Member	Four	Four
04	Mr. P M Parameswaran General Manager - Operations	Member	Four	Four
05	Mr. Vivek Narayan Mathur Chief Financial Officer	Member	Four	Four
06	Mr. Sathish Kumar Nuggu Chief Technology & Operations Officer	Member	Three	Three
07	Mr. Anshul Kumar Jain Chief Compliance Officer and Head – Legal	Member	Two	Two
08	Mr. Mario Roche Chief Operating Officer	Member	One	One

GENERAL SHAREHOLDER INFORMATION

General Body Meetings

Details of last three Annual General Meetings and the summary of Special Resolutions passed therein are as under:

Financial Year ended	Date and Time	Venue	Special Resolution(s) passed
March 31, 2019	July 02, 2019 03:00 p.m.	Karvy Selenium, Tower B, Plot No.31 & 32 Financial District, Nanakramguda, Serilingampally, Hyderabad, Telangana - 500032	i. Payment of commission to Mr. Kaushik Bishnu Mazumdar, Independent Director of the Company. ii. Payment of commission to Ms. Sonu Halan Bhasin, Independent Director of the Company.
March 31, 2020	July 06, 2020 11:00 a.m.	Through Audio - Video Conferencing (“VC”) or other Audio-Visual Means (“OAVM”)	No Special Resolution was passed at this meeting.
March 31, 2021	September 30, 2021	Through Audio - Video Conferencing (“VC”) or other	i. Alteration of Articles of Association of the Company.

Financial Year ended	Date and Time	Venue	Special Resolution(s) passed
	10:00 a.m.	Audio-Visual Means (“OAVM”)	

No Special Resolution was passed by the Company last year through Postal Ballot. No Special Resolution is proposed to be conducted through Postal Ballot as on the date of this report.

Annual General Meeting 2022

Particulars	Details
Financial Year	2021-22
Date	August 04, 2022
Time	02:30 p.m. (IST)
Venue	Annual General Meeting will be held through Video Conferencing / Other Audio-Visual Means as set out in the Notice convening the Annual General Meeting. Deemed venue of the Meeting is the registered office of the company <i>i.e.</i> Selenium, Tower B, Plot No.31 & 32 Financial District, Nanakramguda, Serilingampally, Hyderabad, Telangana - 500032
Book Closure Dates	None

Means of Communication

The Annual Report containing, *inter-alia*, Audited Annual Financial Statements, Consolidated Financial Statements, Board’s Report and other regulatory reports is circulated to the Members and others entitled thereto. The Annual Report for Financial Year 2021-22 shall be available on the website of the Company at <https://www.kfintech.com/>.

The Company’s website provides details of its leadership, management, policies and codes, corporate social responsibility, shareholder relations, products and processes and updates and news.

Dividend

The Directors do not recommend any dividend for the Financial Year.

Listing Details

As on March 31, 2022, none of the securities of the Company are listed on any Stock Exchange.

Registrar to an Issue and Share Transfer Agent

Particulars	Details
Name	Bigshare Services Private Limited has been appointed as the Registrar to an Issue and Share Transfer Agents by the Company

Particulars	Details
Address	1 st Floor, Bharat Tin Works Building, Opp. Oasis, Makwana Road, Marol, Andheri East, Mumbai – 400 059
Investor Grievance Email ID	investor@bigshareonline.com
Website	www.bigshareonline.com

Share Transfer System

Share Transfer requests, if any, are processed in accordance with the provisions of the Companies Act, 2013 and the rules made thereunder.

Distribution of Shareholding

Categories of Shareholders as on March 31, 2022, are as under:

Category	Category of Shareholder	No. of Shareholders	No. of fully paid-up Equity Shares held	Percentage
(A)	Promoter & Promoter Group	02	12,71,88,903	75.90
(B)	Public	09	4,03,79,980	24.10
(C)	Non Promoter – Non Public			
(C1)	Shares underlying depository receipts	-	-	-
(C2)	Shares Held by Employee Trust	-	-	-
Total		11	16,75,68,883	100.00

Dematerialization of Shares and Liquidity

The Company provides the facility to its shareholders to hold their shares in dematerialised mode.

Particulars	Details
Equity Shares ISIN	INE138Y01010
Preference Shares ISIN	INE138Y04014

Address for Correspondence

Particulars	Details
Registered Office	Selenium, Tower B, Plot No.31 & 32 Financial District, Nanakramguda, Serilingampally, Hyderabad, Telangana - 500032
Website	https://www.kfintech.com/

To serve the investors better, the Company has a dedicated e-mail address for investor complaints: compliance.corp@kfintech.com which is continuously monitored by the Company's Chief Compliance Officer.

Credit Rating

The rated, listed, redeemable, non-convertible debentures issued by the Company on November 16, 2018 were rated as [ICRA-AA] by ICRA Limited and the same have been redeemed during the Financial Year under review.

OTHER DISCLOSURES

Corporate Identity Number

The Corporate Identity Number of the Company is U72400TG2017PLC117649.

Related Party Transactions

All transactions entered into with related parties as defined under the Act and Accounting standard and IND-AS 24 during the Financial Year under review were on an arm's length price basis and in the ordinary course of business. These have been approved by the Audit Committee. The Company has not entered into any materially significant related party transaction that may have potential conflict with the interests of the Company at large.

The Board of Directors of the Company has approved the revised Policy on materiality of and dealing with Related Party Transactions on June 06, 2022, and the same is available on the website of the Company at <https://www.kfintech.com/>.

During the F.Y. 2021-22, the Company did not have any material pecuniary relationship or transactions with Non-Executive Directors apart from paying Director's remuneration. Further, the Directors have not entered into any contracts with the Company or its subsidiaries, which will be in material conflict with the interests of the Company.

The Board has obtained necessary disclosures from Directors and Key Managerial Personnel relating to material, financial and commercial transactions where they and/or their relatives have personal interest, if any.

Penalties / Strictures

During the Financial Year under review, the Company has paid the fine levied by BSE Limited for delayed submission made under Regulation 52(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Vigil Mechanism / Whistle Blower Policy

The Company has adopted a Whistle Blower and Vigil Mechanism Policy as a channel for receiving and redressing complaints from employees and Directors, as per the provisions of Section 177(9) and (10) of the Companies Act, 2013. Under this policy, your Company encourages its employees to report any reporting of fraudulent financial or other information to the stakeholders, and any conduct that results in violation of the Company's code of conduct, to the management (on an anonymous basis, if employees so desire). Further, your Company has prohibited discrimination, retaliation or harassment of any kind against any employees who, based

on the employee's reasonable belief that such conduct or practice have occurred or are occurring, reports that information or participates in the investigation. The Policy is appropriately communicated within the Company across all levels and no personnel has been denied access to the Audit Committee.

The said policy is also available on the website of the Company at <https://www.kfintech.com/>.

Policy on Material Subsidiaries

The Board of Directors of the Company has approved the Policy on Material Subsidiaries and the same is available on the website of the Company at <https://www.kfintech.com/>.

Secretarial Audit

The Company's Board of Directors appointed D V Rao & Associates, Practising Company Secretaries, to conduct Secretarial Audit of its records and documents for the Financial Year 2021-22.

The Secretarial Audit Report confirms that the Company has complied with the Act and the rules made thereunder, the Securities Contracts (Regulation) Act, 1956 and the rules made thereunder, Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, the Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 and other applicable laws including PFRDA Act and regulations framed thereunder, *etc.* for the Financial Year ended March 31, 2022. The Secretarial Audit Report forms part of the Board's Report.

Certificate from Practicing Company Secretaries

Certificate from D V Rao & Associates, Practicing Company Secretaries certifying that none of our Directors have been debarred or disqualified from being appointed or continuing as Directors of the Company by SEBI or MCA or such other statutory authority, is enclosed as Annexure – 2 to this Report.

Recommendation by Committees

During the Financial Year under review, all the recommendations of the Committees have been accepted by the Board.

Consolidated Fees to Auditors

The total fees for all services availed by your Company and its Subsidiaries from M/s. B S R & Associates. LLP, Chartered Accountants, Statutory Auditors for the Financial Year 2021-22 is Rs. 204.46 Lakh.

Prevention of Sexual Harassment

Your Company has always believed in providing a safe and harassment free workplace for every individual working in the premises through various interventions and practices. The Company always endeavors to create and provide an environment that is free from discrimination and harassment including sexual harassment.

Your Company has framed a Policy on prevention of Sexual Harassment at workplace in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Policy has set forth the guidelines on the redressal and enquiry process to be followed by complainants and the Internal Complaints Committee, whilst dealing with issues related to sexual harassment at the workplace towards any women employee. All women employees (permanent, temporary, contractual and trainees) are covered under this policy. All employees are treated with dignity, with a view to maintain a work environment free of sexual harassment whether physical, verbal, or psychological.

During the Financial Year under review, no complaints with the allegation of sexual harassment were filed with the Company.

Compliance with Discretionary Requirements

All mandatory requirements of the SEBI (LODR) Regulations, 2015 up to the date of delisting of its non-convertible debentures, have been complied with by the Company. The status of compliance with the discretionary requirements as stated under Part E of Schedule II to the SEBI Listing Regulations, is as under:

Modified Opinion(s) in Audit Reports

The Auditors have expressed an unmodified opinion in their report on the financial statements of the Company.

Separate posts of Chairperson and the Managing Director or the Chief Executive Officer

As on date, the positions of the Chairperson and the Managing Director or the Chief Executive Officer / Whole Time Director are separate. Mr. Vishwanathan Mavila Nair is Non-Executive Chairperson of the Board and Mr. Venkata Satya Naga Sreekanth Nadella is the Whole-time Director and Chief Executive Officer of the Company.

Reporting of Internal Auditor

The Internal Auditor reports to the Audit Committee and presents with quarterly updates on the audit along with a summary of audit observations, if any and follow-up actions thereon.

DECLARATION BY THE CHIEF EXECUTIVE OFFICER

A declaration signed by the Chief Executive Officer stating that the members of Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct of the Board of Directors and Code of Conduct and Business Ethics, respectively as on March 31, 2022, is enclosed as Annexure – 1 to this Report.

CONTRIBUTION TO THE GO-GREEN INITIATIVE

In its commitment to help the environment, during the Financial Year under review, your Company has taken all necessary steps to reduce the usage of paper. Your Company, in many areas, has made necessary changes in the existing processes to move further towards a paperless work environment.

**On Behalf of the Board of Directors of
KFin Technologies Limited**

Vishwanathan Mavila Nair

Chairperson

DIN: 02284165

Venkata Satya Naga Sreekanth Nadella

Whole-time Director and CEO

DIN: 08659728

June 06, 2022 | Mumbai

ANNEXURE 1 TO THE CORPORATE GOVERNANCE REPORT

Declaration by Chief Executive Officer

I, Venkata Satya Naga Sreekanth Nadella, Whole-time Director & Chief Executive Officer of the Company hereby confirm that all members of Board of Directors and Senior Management Personnel have affirmed their compliance with the Director Code of Conduct and Code of Conduct and Business Ethics, respectively for the Financial Year ended March 31, 2022.

Venkata Satya Naga Sreekanth Nadella

Whole-time Director & CEO

DIN: 08659728

June 06, 2022

ANNEXURE 2 TO THE CORPORATE GOVERNANCE REPORT

Certificate of Non-Disqualification of Directors

(Pursuant to Regulation 34(3) and Schedule V Para C Clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of
KFin Technologies Limited
(Formerly KFin Technologies Private Limited)
Selenium, Tower B, Plot No- 31 & 32,
Financial District, Nanakramguda, Serilingampally,
Hyderabad, Rangareddi-500032, Telangana, India

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of KFin Technologies Limited having (CIN:U72400TG2017PLC117649) and having registered office at Selenium, Tower B, Plot No- 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddi - 500032, Telangana, India (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) and Schedule V Para-C Clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
01	Mr. Kaushik Mazumdar	00397815	16/11/2018
02	Mr. Sandeep Achyut Naik	02057989	16/11/2018
03	Mr. Jaideep Hansraj	02234625	10/11/2021
04	Mr. Viswanathan Mavila Nair	02284165	22/11/2018
05	Ms. Sonu Halan Bhasin	02872234	16/11/2018
06	Mr. Shantanu Rastogi	06732021	16/11/2018
07	Mr. Venkata Satya Naga Sreekanth Nadella	08659728	12/06/2020
08	Mr. Prashant Saran	08747512	26/05/2020
09	Mr. Srinivas Peddada	08755240	02/07/2020

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For D V Rao & Associates
Company Secretaries

Place: Hyderabad
Date: 04/06/2022

CS Vasudeva Rao Devaki
Practicing Company Secretary
FCS # 8888; COP # 12123
UDIN: F008888D000463221

B S R & Associates LLP

Chartered Accountants

Salarpuria Knowledge City,
Orwell, B Wing, 6th Floor, Unit-3,
Sy No. 83/1, Plot No. 02, Raidurg,
Hyderabad - 500 081 - India

Telephone: +91 40 7182 2000
Fax: +91 40 7182 2399

INDEPENDENT AUDITOR'S REPORT

To the Members of KFin Technologies Limited (formerly known as KFin Technologies Private Limited)

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of KFin Technologies Limited (formerly known as KFin Technologies Private Limited) ("the Company"), which comprise the standalone balance sheet as at 31 March 2022, the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred as "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and in the context of the overriding effect of the provision in the scheme of arrangement as approved by the National Company Law Tribunal ("NCLT"), regarding accounting of the amalgamation of Karvy Computershare Private Limited (KCPL) and the 'RTA Undertaking' of Karvy Consultants Limited (KCL) into the Company, as explained in para A in the Emphasis of Matter section below, give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

B S R & Associates LLP

**KFin Technologies Limited (formerly known as KFin Technologies Private Limited)
Independent Auditor's Report on standalone financial statements (continued)**

Emphasis of matter

- A. We draw attention to Note 45 of the standalone financial statements, regarding the amalgamation of Karvy Computershare Private Limited (KCPL) and the 'RTA Undertaking' of Karvy Consultants Limited (KCL) into the Company accounted for in financial year 2018-2019 with effect from 17 November 2018. In accordance with the scheme approved by National Company Law Tribunal (NCLT) the amalgamation had been accounted for as per Accounting Standard 14 - 'Accounting for Amalgamations'. Accordingly, all assets and liabilities of KCPL and of the RTA Undertaking of KCL had been recorded at their respective existing book values. The difference between the book values of the net assets so recorded and the consideration (being the face value of equity shares issued by the Company to the shareholders of KCL and cost of investment in equity shares of KCPL) amounting to INR 67,491.55 lakhs had been debited to goodwill. This goodwill was being amortised over a period of ten years as per the terms of the scheme and was also being tested for impairment every year. Such accounting treatment of this transaction was different from that prescribed under Ind AS 103 - 'Business Combinations' which became applicable to the Company from the year ended 31 March 2019 and which requires assets, liabilities and consideration to be measured at fair value and goodwill to be tested only for impairment.

During the current year, the Company has obtained approval of NCLT on 02 March 2022 for not amortising goodwill with effect from 01 April 2021.

Our opinion is not modified in respect of this matter.

- B. We draw attention to Note 37 of the standalone financial statements, where the pre-amalgamated Company was the Registrar and Transfer Agent ("RTA") of a past client ("the Client") until 5 April 2021. The Client had a demat account with one of the Depository Participants ("DP") for depositing its shares in escrow for the purposes of its initial public offering ("IPO"). The Company identified that 1,294,489 shares were transferred by the DP (in 2011 and 2020) from the said escrow account of the Client to the DP's own demat account and to a Third Party's Demat account through an off market transaction without any authorisation from the Client. The Board of Directors of the Company after considering legal advice transferred 1,294,489 shares to the escrow account of the Client on a 'good faith and no fault' basis, after reducing the amount payable upon redemption, in future, of the Redeemable Preference Shares (refer Note 20 to the standalone financial statements) issued in October 2021, by INR 3,000 lakhs (Refer Note 20(ii)(b) to the standalone financial statements), pursuant to an indemnity clause contained in the agreement for the issuance of such Redeemable Preference Shares. The dividend received on such shares by the Company in the financial year 2021-22 of INR 40.77 lakhs was also transferred back to the Client.

The Company has recognised an amount of INR 700 lakhs as a provision in the standalone financial statements related to potential claims by the Client (including dividends on such shares for the earlier periods). Pending the final settlement of terms to be agreed with the Client, the Company has measured the said provision at its best estimate. The Company will initiate proceedings against the concerned parties, including certain minority shareholders, for recovery of the amount paid and payable by the Company to the Client in connection with this matter upon completion of final settlement with the Client.

Our opinion is not modified in respect of this matter.

B S R & Associates LLP

KFin Technologies Limited (formerly known as KFin Technologies Private Limited) Independent Auditor's Report on standalone financial statements (continued)

Other Information

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's Directors' report but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

B S R & Associates LLP

KFin Technologies Limited (formerly known as KFin Technologies Private Limited) Independent Auditor's Report on standalone financial statements (continued)

Auditor's Responsibilities for the Audit of the Standalone Financial Statements (continued)

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of standalone financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.



B S R & Associates LLP

**KFin Technologies Limited (formerly known as KFin Technologies Private Limited)
Independent Auditor's Report on standalone financial statements (continued)**

Report on Other Legal and Regulatory Requirements (continued)

2. (A) As required by Section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone financial statements, read with the matter referred to in para A of Emphasis of Matter section above, comply with the Ind AS specified under section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 1 April 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- a) The Company has disclosed the impact of pending litigations as at 31 March 2022 on its financial position in its standalone financial statements - Refer Note 36 (B) to the standalone financial statements;
- b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- d) (i) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the Note 54 to standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.



B S R & Associates LLP

**KFin Technologies Limited (formerly known as KFin Technologies Private Limited)
Independent Auditor's Report on standalone financial statements (continued)**

Report on Other Legal and Regulatory Requirements (continued)

(ii) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:

- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or
- provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.

(iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (d) (i) and (d) (ii) contain any material mis-statement.

e) The Company has neither declared nor paid any dividend during the year.

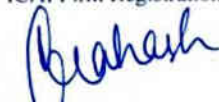
(C) With respect to the matter to be included in the Auditor's Report under section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For B S R & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 116231 W/W-100024



G Prakash

Partner

Membership No: 099696

UDIN: 22099696AKJBCQ7729

Place: Bengaluru

Date: 06 June 2022

KFin Technologies Limited (Formerly known as KFin Technologies Private Limited)

Annexure A to the Independent Auditor's Report on Standalone Financial Statements for the year ended 31 March 2022

With reference to the Annexure A referred to in our Report of even date to the members of KFin Technologies Limited (Formerly known as KFin Technologies Private Limited) ("the Company") on standalone financial statements for the year ended 31 March 2022, we report that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, plant and equipment.
(b) The Company has maintained proper records showing full particulars of intangible assets.
(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, plant and equipment by which all property, plant and equipment are verified in a phased manner over a period of two years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No discrepancies were noticed on such verification.
(c) The Company does not have any immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee). Accordingly, clause 3(i)(c) of the Order is not applicable.
(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its property, plant and equipment (including Right of use assets) or intangible assets or both during the year.
(e) According to information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The Company is engaged in the business of rendering services, and it does not hold any physical inventories. Accordingly, clause 3(ii)(a) of the Order is not applicable.
(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from a bank on the basis of security of current assets. However, based on the e-mail confirmation received from the bank, the Company is not required to file any quarterly returns or statements since the Company has not availed the working capital limits so sanctioned at any point of time of the year. Accordingly, clause 3(ii)(b) of the Order is not applicable to the Company.
- (iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, limited liability partnerships or any other parties during the year. Accordingly, provisions of clauses 3(iii)(a) and 3(iii)(c) to 3(iii)(f) of the Order are not applicable to the Company. The Company has made investment in companies during the year. The Company has not made any investments in firms, limited liability partnerships or any other parties.
(b) According to the information and explanations given to us and based on the audit procedures conducted by us, we are of the opinion that investments made during the year are, prima facie, not prejudicial to the interest of the Company.

KFin Technologies Limited (Formerly known as KFin Technologies Private Limited)
Annexure A to the Independent Auditor's Report on Standalone Financial Statements for the year ended 31 March 2022 (continued)

- (iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not given any loans, or provided any guarantee or security as specified under Section 185 and 186 of the Companies Act, 2013 ("the Act"). In respect of the investments made by the Company, in our opinion the provisions of Section 186 of the Act have been complied with.
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for the services rendered by the Company. Accordingly, clause 3(vi) of the Order is not applicable.
- (vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues have been subsumed into Goods and Services Tax ('GST').

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including GST, Provident fund, Employees' State Insurance, Income-Tax, Cess and other statutory dues have been regularly deposited with the appropriate authorities by the Company;

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of GST, Provident fund, Employees' State Insurance, Income-Tax, Cess and other statutory dues were in arrears as at 31 March 2022 for a period of more than six months from the date they became payable.

As explained to us, the Company did not have any dues on account of Duty of Customs.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues referred to in sub-clause (a) above which have not been deposited on account of any dispute are as follows:

Name of the statute	Nature of the dues	Amount (in INR Lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income taxes	47.51	FY 2007-08	High Court of Telangana
Income Tax Act, 1961	Income taxes	9.09	FY 2015-16	The Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income taxes	10.89	FY 2016-17	The Deputy Commissioner of Income Tax
Income Tax Act, 1961	Income taxes	31.06	FY 2017-18	The Deputy Commissioner of Income Tax

As explained to us, the Company did not have any dues on account of Duty of Customs.

KFin Technologies Limited (Formerly known as KFin Technologies Private Limited)
Annexure A to the Independent Auditor's Report on Standalone Financial Statements for the year ended 31 March 2022 (continued)

- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans or borrowing or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.
- (c) According to the information and explanations given to us by the management, the Company has not obtained any term loans during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable.
- (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries. The Company does not hold any investment in any associate or joint venture (as defined under the Act) during the year ended 31 March 2022.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries. The Company does not hold any investment in any associate or joint venture (as defined under the Act) during the year ended 31 March 2022.
- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any private placement or preferential allotment of fully or partly or optionally convertible debentures during the year. The Company has not made any preferential allotment of any shares during the year. In our opinion, in respect of private placement of equity shares and preference shares made during the year, the Company has duly complied with the requirements of Section 42 of the Act. The proceeds from issue of equity shares and preference shares have been used for general business purposes of the Company as specific purpose for the funds so raised is not recorded.
- (xi) (a) Based on the examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the audit after considering the incident mentioned in Note 37 of the standalone financial statements for the year ended 31 March 2022, which Management has concluded is not a fraud by the Company or on the Company.
- (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of our audit procedures.

KFin Technologies Limited (Formerly known as KFin Technologies Private Limited)
Annexure A to the Independent Auditor's Report on Standalone Financial Statements for the
year ended 31 March 2022 (continued)

- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
(b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.
- (xvi) (a) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) and 3(xvi)(b) of the Order is not applicable.
(c) In our opinion and according to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
(d) In our opinion and according to the information and explanations given to us, the Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, the requirements of clause 3(xvi)(d) are not applicable.
- (xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.



B S R & Associates LLP

KFin Technologies Limited (Formerly known as KFin Technologies Private Limited)
Annexure A to the Independent Auditor's Report on Standalone Financial Statements for the
year ended 31 March 2022 (continued)

- (xx) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For B S R & Associates LLP

Chartered Accountants

ICAI Firm's Registration No: 116231W/W-100024



G Prakash

Partner

Membership No: 099696

ICAI UDIN No.: 22099696AKJBCQ7729

Place: Bengaluru

Date: 06 June 2022

B S R & Associates LLP

Annexure B to the Independent Auditor's report on the standalone financial statements of KFin Technologies Limited (formerly known as KFin Technologies Private Limited) for the year ended 31 March 2022.

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of KFin Technologies Limited (formerly known as KFin Technologies Private Limited) ("the Company") as of 31 March 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

B S R & Associates LLP

Annexure B to the Independent Auditor's report on the standalone financial statements of KFin Technologies Limited (formerly known as KFin Technologies Private Limited) for the year ended 31 March 2022 (continued)

Auditor's Responsibility (continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

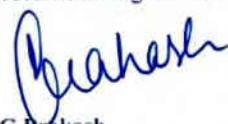
Meaning of Internal Financial controls with Reference to Standalone Financial Statements

A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

Inherent Limitations of Internal Financial controls with Reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 116231 W/W-100024



G Prakash
Partner
Membership No: 099696
UDIN: 22099696AKJBCQ7729

Place: Bengaluru
Date: 06 June 2022

KFin Technologies Limited (formerly known as 'KFin Technologies Private Limited')
Standalone Balance Sheet
(All amounts are in INR lakhs, unless otherwise stated)

Particulars	Note	As at 31 March 2022	As at 31 March 2021
I. ASSETS			
(1) Non-current assets			
Property, plant and equipment	3	3,362.96	2,843.08
Capital work-in-progress	3	63.32	-
Right-of-use assets	6	3,226.96	3,317.27
Goodwill	4	51,625.60	51,625.60
Other intangible assets	5	4,664.91	4,280.21
Intangible assets under development	5	3,394.35	251.15
Financial assets			
(i) Investments in subsidiaries	7	5,391.61	1,522.96
(ii) Other financial assets	8	614.33	520.19
Non-current tax assets (net)	9	3,630.92	3,395.66
Other non-current assets	10	120.42	218.47
Total non-current assets		76,095.38	67,974.59
(2) Current assets			
Financial assets			
(i) Investments	11	9,308.31	9,490.92
(ii) Trade receivables	12	10,706.37	10,786.96
(iii) Cash and cash equivalents	13	3,092.24	1,471.44
(iv) Bank balances other than cash and cash equivalents above	14	12.30	54.34
(v) Loans	15	14.07	26.88
(vi) Other financial assets	16	1,870.84	1,226.04
Other current assets	17	848.94	746.30
Total current assets		25,853.07	23,802.88
TOTAL ASSETS		101,948.45	91,777.47
II. EQUITY AND LIABILITIES			
(1) Equity			
Equity share capital	18	16,756.89	15,084.36
Other equity	19	47,817.88	19,272.08
Total equity		64,574.77	34,356.44
LIABILITIES			
(2) Non-current liabilities			
Financial liabilities			
(i) Borrowings	20	12,251.42	29,388.97
(ii) Lease liabilities	6	2,419.36	2,603.83
Provisions	21	806.26	749.27
Deferred tax liabilities (net)	35	12,185.62	12,495.81
Total non-current liabilities		27,662.66	45,237.88
(3) Current liabilities			
Financial liabilities			
(i) Borrowings	22	-	5,224.42
(ii) Lease liabilities	6	1,149.42	981.38
(iii) Trade payables	23		
- Total dues of micro enterprises and small enterprises		8.85	30.50
- Total dues of creditors other than micro enterprises and small enterprises		2,384.66	2,474.45
(iv) Other financial liabilities	24	3,059.87	1,907.09
Other current liabilities	25	1,566.78	1,139.92
Provisions	26	318.03	289.54
Current tax liabilities (net)	27	1,223.41	135.85
Total current liabilities		9,711.02	12,183.15
Total liabilities		37,373.68	57,421.03
TOTAL EQUITY AND LIABILITIES		101,948.45	91,777.47

Significant accounting policies

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The accompanying notes are an integral part of these standalone financial statements

As per our Report of even date attached

for BSR & Associates LLP

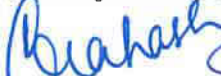
Chartered Accountants

ICAI Firm Registration No.: 116231 W/W-100024

for and on behalf of Board of Directors of

KFin Technologies Limited

CIN: U72400TG2017PLC117649



G. Prakash
Partner

Vishwanathan M Nair
Chairman

Sreekanth Nadella
Whole time Director &
Chief Executive Officer

Vivek Narayan Machur
Chief Financial Officer

Alpana Uttam Kundu
Company Secretary

Membership No.: 099696

DIN: 02284165

DIN: 08659728

Membership no.: A089454

Membership no.: F10191

Place: Bengaluru
Date: 06 June 2022

Place: Mumbai
Date: 06 June 2022

Place: Mumbai
Date: 06 June 2022

Place: Mumbai
Date: 06 June 2022

Place: Mumbai
Date: 06 June 2022

KFin Technologies Limited (formerly known as 'KFin Technologies Private Limited')
Standalone Statement of Profit and Loss
(All amounts are in INR lakhs, unless otherwise stated)

Particulars	Note	For the year ended 31 March 2022	For the year ended 31 March 2021
Income			
I. Revenue from operations	28	62,470.87	47,178.96
II. Other income	29	891.62	469.12
III. Total Income (III = I+II)		63,362.49	47,648.08
IV. Expenses			
Employee benefits expense	30	22,494.57	18,358.64
Finance costs	31	5,283.08	5,191.27
Depreciation and amortisation expense	32	3,616.44	9,791.28
Other expenses	33	11,205.27	7,866.01
IV. Total Expenses (IV)		42,599.36	41,207.20
V. Profit before tax (V=III-IV)		20,763.13	6,440.88
VI. Tax expense:			
Current tax	35	5,745.98	207.00
Deferred tax	35	(284.37)	12,965.28
		5,461.61	13,172.28
VII. Profit/ (Loss) for the year (V-VI)		15,301.52	(6,731.40)
VIII. Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plans		(102.59)	47.57
Income tax on above		25.82	(11.97)
Total other comprehensive (loss)/ income for the year, net of tax (VIII)		(76.77)	35.60
IX. Total comprehensive income/ (loss) for the year (VII+VIII)		15,224.75	(6,695.80)
X. Earnings per equity share (face value of INR 10 each, fully paid-up)	34		
- Basic		9.72	(4.46)
- Diluted		9.64	(4.46)

Significant accounting policies

1 & 2

The accompanying notes are an integral part of these standalone financial statements

As per our Report of even date attached

for **BSR & Associates LLP**
Chartered Accountants

ICAI Firm Registration No.: 116231 W/W-100024

for and on behalf of Board of Directors of
KFin Technologies Limited

CIN: U72400TG2017PLC117649



G Prakash
Partner
Membership No.: 099696



Vishwanathan M Nair
Chairman
DIN: 02284165



Sreekanth Nadella
Whole time Director &
Chief Executive Officer
DIN: 08659728



Vivek Narayan Mathur
Chief Financial Officer
Membership no.: A089454



Alpana Uttam Kundu
Company Secretary
Membership no.: F10191

Place: Bengaluru
Date: 06 June 2022

Place: Mumbai
Date: 06 June 2022

Place: Mumbai
Date: 06 June 2022

Place: Mumbai
Date: 06 June 2022

Place: Mumbai
Date: 06 June 2022

KFin Technologies Limited (formerly known as 'KFin Technologies Private Limited')
Standalone Statement of Changes in Equity
(All amounts are in INR lakhs, unless otherwise stated)

Equity share capital and other equity

Particulars	Equity share capital	Other equity							Total other equity
		Securities premium	Capital reserve	Capital redemption reserve	Debenture redemption reserve	Retained earnings	General reserve	Share based payment reserve	
Opening balance as at 1 April 2020	15,084.36	22,824.33	1.00	1,498.78	750.00	604.07	-	168.10	25,946.28
Changes in equity share capital due to prior period errors	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	15,084.36	22,824.33	1.00	1,498.78	750.00	604.07	-	168.10	25,946.28
Loss for the year	-	-	-	-	-	(6,731.40)	-	-	(6,731.40)
Share based payments (Refer Note 47)	-	-	-	-	-	-	-	121.60	121.60
Remeasurement of defined benefit obligation (net of tax)	-	-	-	-	-	35.60	-	-	35.60
Balance as at 31 March 2021	15,084.36	22,824.33	1.00	1,498.78	750.00	(6,091.73)	-	289.70	19,272.08
Opening balance as at 1 April 2021	15,084.36	22,824.33	1.00	1,498.78	750.00	(6,091.73)	-	289.70	19,272.08
Changes in equity share capital due to prior period errors	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	15,084.36	22,824.33	1.00	1,498.78	750.00	(6,091.73)	-	289.70	19,272.08
Profit for the year	-	-	-	-	-	15,301.52	-	-	15,301.52
Issue of share capital	1,672.53	29,327.69	-	-	-	-	-	-	29,327.69
Share issue expenses	-	(2,092.76)	-	-	-	-	-	-	(2,092.76)
Extinguishment of rights under shareholders' agreement (Refer Note 18 and Note 20(ii))	-	-	-	-	-	(14,829.35)	-	-	(14,829.35)
Transfer to general reserve on repayment of Non-Convertible Debentures	-	-	-	-	(750.00)	-	750.00	-	-
Exercise of stock options	-	0.07	-	-	-	-	-	(0.07)	-
Share based payments (Refer Note 47)	-	-	-	-	-	-	-	914.54	914.54
Share based payments of the options issued to the employees of subsidiary	-	-	-	-	-	-	-	0.93	0.93
Remeasurement of defined benefit obligation (net of tax)	-	-	-	-	-	(76.77)	-	-	(76.77)
Balance as at 31 March 2022	16,756.89	50,059.33	1.00	1,498.78	-	(5,696.33)	750.00	1,205.10	47,817.88

The accompanying notes are an integral part of these standalone financial statements

As per our Report of even date attached

for BSR & Associates LLP
 Chartered Accountants
 ICMA Firm Registration No.: 116231 WAW-100024


 G. Prakash
 Partner
 Membership No.: 099696

Place: Bengaluru
 Date: 06 June 2022

for and on behalf of Board of Directors of
 KFin Technologies Limited
 CIN: U72400TG2017PLC117649


 Vishwanathan M Nair
 Chairman
 DIN: 02284165

Place: Mumbai
 Date: 06 June 2022


 Sreekanth Nadella
 Whole time Director & Chief Executive Officer
 DIN: 08659728

Place: Mumbai
 Date: 06 June 2022


 Vivek Narayan Mathur
 Joint Financial Officer
 Membership no.: A089454

Place: Mumbai
 Date: 06 June 2022


 Alpina Uttam Kundu
 Company Secretary
 Membership no.: F10191

Place: Mumbai
 Date: 06 June 2022

KFin Technologies Limited (formerly known as 'KFin Technologies Private Limited')
Standalone Statement of Cash Flows
(All amounts are in INR lakhs, unless otherwise stated)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
A. Cash flows from operating activities		
Net profit before tax	20,763.13	6,440.88
Adjustment for:		
Depreciation and amortisation expense	3,616.44	9,791.28
Profit on sale of property plant & equipment, net	(14.12)	(9.86)
Interest income on deposits	(2.63)	(10.05)
Interest income on income-tax refund	-	(81.97)
Dividend income from current investments	(450.69)	(199.03)
Dividend income from subsidiary	(303.42)	-
Unwinding of discount on deposits	(27.88)	(24.57)
Liabilities no longer required written back	(56.38)	-
Income on derecognition of Right-of-use assets and Lease liability	(6.87)	(8.84)
Rent concession income	(3.58)	(118.03)
Foreign exchange loss (net)	9.16	47.06
Interest expenses	5,283.08	5,191.27
Allowance for credit loss on trade receivables and other financial assets	570.81	89.92
Credit impaired trade receivables written-off	237.88	38.44
Deposits written off	20.45	-
Share based payment	914.54	121.60
Fair value (gain)/ loss on financial assets measured	(72.08)	72.08
Operating profit before working capital changes	30,477.84	21,340.18
Working capital adjustments:		
Increase in trade receivables	(737.54)	(2,562.94)
Increase in other current financial assets	(644.80)	(289.94)
Decrease in loans	12.81	2.17
Increase in other non-current financial assets	(63.33)	(0.05)
Increase in other assets	(4.03)	(268.46)
(Decrease)/ Increase in trade payables	(111.44)	416.82
Increase in other current financial liabilities	1,181.48	1,373.85
Increase in other current liabilities	426.86	150.34
(Decrease)/ Increase in current provisions	(17.11)	237.27
Cash generated from operations	30,520.74	20,399.24
Income taxes paid, net	(4,893.68)	(161.40)
Net cash generated from operating activities (A)	25,627.06	20,237.84
B. Cash flow from investing activities		
Purchase of property, plant and equipment (including capital work-in-progress, capital advances and creditors)	(2,051.27)	(626.73)
Purchase of intangible assets (including intangible assets under development)	(4,625.21)	(2,405.60)
Proceeds from sale of property, plant and equipment	14.83	64.80
Investment in subsidiaries	(3,867.72)	-
Fixed deposits redeemed with banks, net	18.66	254.46
Investments in mutual funds (net)	(2,725.46)	(5,228.47)
Investments in equity shares of other companies	-	(2,980.15)
Interest income	2.63	10.05
Dividend income from mutual funds	450.69	199.03
Dividend income from subsidiary	303.42	-
Net cash used in from investing activities (B)	(12,479.43)	(10,712.61)
C. Cash flows from financing activities		
Payment of lease liabilities	(1,314.09)	(1,124.71)
Repayment of debentures	(35,200.00)	(3,200.00)
Interest paid on debentures	(3,922.27)	(4,562.17)
Expenses towards issue of shares	(2,092.76)	-
Proceeds from issue of equity shares	1,672.53	-
Securities premium on issue of equity shares	29,327.76	-
Issue of redeemable preference shares repayable at premium	2.00	-
Net cash used in financing activities (C)	(11,526.83)	(8,886.88)
D. Net increase in cash and cash equivalents (A+B+C)	1,620.80	638.35
Cash and cash equivalents at the beginning of the year	1,471.44	833.09
Cash and cash equivalents at the end of the year	3,092.24	1,471.44

KFin Technologies Limited (formerly known as 'KFin Technologies Private Limited')
Standalone Statement of Cash Flows
(All amounts are in INR lakhs, unless otherwise stated)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
E. Reconciliation of Cash and Cash equivalents with the Standalone Balance Sheet (Refer Note 13)		
Cash on hand	-	-
Balance with banks:		
(i) in current accounts	3,092.24	1,471.44
	3,092.24	1,471.44
F. Reconciliation of liabilities arising from financing activities		
Opening balance		
Non-convertible Debentures (secured)	34,588.97	37,531.17
Interest accrued and not due on non-convertible debentures	24.42	12.60
Lease liabilities	3,585.21	3,673.81
Redeemable preference shares	-	-
Premium on redeemable preference shares	-	-
Cash movement		
Non-convertible Debentures (secured)	(35,200.00)	(3,200.00)
Interest accrued and not due on non-convertible debentures	(3,922.27)	(4,562.17)
Lease liabilities	(1,314.20)	(1,124.71)
Redeemable preference shares	2.00	-
Premium on redeemable preference shares	-	-
Non-cash movement		
Non-convertible Debentures (secured)	611.03	257.80
Interest accrued and not due on non-convertible debentures	3,897.85	4,573.99
Lease liabilities	1,297.77	1,036.11
Redeemable preference shares	-	-
Premium on redeemable preference shares	12,249.42	-
Closing balance		
Non-convertible Debentures (secured)	-	34,588.97
Interest accrued and not due on non-convertible debentures	-	24.42
Lease liabilities	3,568.78	3,585.21
Redeemable preference shares	2.00	-
Premium on redeemable preference shares	12,249.42	-

Non-cash movement represents:

- with respect to non-convertible debentures (secured), amortisation of processing fees paid as per effective interest rate. Refer Note 20 for details
- with respect to interest accrued and not due on non-convertible debentures, amortisation of processing fees paid as per effective interest rate. Refer Note 20 and Note 22.
- with respect to lease liabilities, additions of new leases, rent concession received, deletions of existing leases and accrual of interest on lease liabilities. Refer Note 6(C).
- with respect to redeemable preference shares, premium payable on redemption. Refer Note 20 for details

Notes:

- 1) The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (IND AS) 7 - "Cash Flow Statements".

Cash comprises cash on hand, Current Accounts and deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

As per our Report of even date attached

for **BSR & Associates LLP**

Chartered Accountants

(CA) Firm Registration no.: 116231 W/W-100024

for and on behalf of Board of Directors of

KFin Technologies Limited

CIN: U72400TG2017PLC117649

G Prakash
Partner

Vishwanathan M Nair
Chairman

Breekanth Nadella
Whole time Director &
Chief Executive Officer

Vivek Narayan Mathur
Chief Financial Officer

Alpana Uttam Kundu
Company Secretary

Membership No.: 099696

DIN: 02284165

DIN: 08659728

Membership no.: A089454

Membership no.: F10191

Place: Bengaluru
Date: 06 June 2022

Place: Mumbai
Date: 06 June 2022

Place: Mumbai
Date: 06 June 2022

Place: Mumbai
Date: 06 June 2022

Place: Mumbai
Date: 06 June 2022

KFin Technologies Limited (formerly known as KFin Technologies Private Limited)
Standalone Financial Statement

1. Reporting entity

KFin Technologies Limited ("the Company") (formerly known as KFin Technologies Private Limited) was incorporated on 08 June 2017 at Hyderabad, India. The Company's registered office is at Selenium, Tower B, Plot No- 31 & 32, Financial District, Nanakramguda, Serilingampally Hyderabad, Rangareddi Telangana 500032. The Company is engaged in providing service of Registrar to the Public Issue of Securities, Registrar to the Securities Transfers, and back office operations to mutual fund houses and data processing activities.

The Company was converted into a public limited company under the Companies Act, 2013 on 24 February 2022 and consequently, the name was changed to "KFin Technologies Limited"

2. Significant Accounting Policies

A. Basis of preparation and measurement of Standalone Financial Statement

The Standalone Balance Sheet of the Company as at 31 March 2022, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity, and the Standalone Statement of Cash Flows for the year ended 31 March 2022 and the Significant accounting policies and Other Financial Information (together referred to as 'Standalone Financial Statement') have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standard) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rule, 2016 and other relevant provisions of the Act.

The Standalone Financial Statement have been prepared on a going concern basis. The accounting policies are applied consistently to all the periods presented in the Standalone Financial Statement.

The Standalone Financial Statement have been prepared under the historical cost convention on accrual basis except for the following items:

- Defined benefit liability/(assets): fair value of plan assets less present value of defined benefit obligation
- Certain financial assets and liabilities that are measured at fair value or amortised value

This Standalone Financial Statement was authorised for issue by the Board of Directors on 6 June 2022.

Functional and presentation currency

These Standalone Financial Statement are presented in Indian Rupees ('INR'), which is the Company's functional currency. All amounts have been rounded to the nearest lakhs, unless otherwise stated.



KFin Technologies Limited (formerly known as KFin Technologies Private Limited)
Standalone Financial Statement

2. Significant Accounting Policies (continued)

A. Basis of preparation and measurement of Standalone Financial Statement (continued)

Fair value measurement

Fair value is the price that would be received from sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either –

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to/ by the Company.

All assets and liabilities for which fair value is measured or disclosed in the Standalone Financial Statement are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole–

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's CFO determines the appropriate valuation techniques and inputs for fair value measurements. When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Where Level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. Any change in the fair value of each asset and liability is also compared with relevant external sources to determine whether the change is reasonable.

For changes that have occurred between levels in the hierarchy during the year the Company re-assesses categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Use of judgments and estimates

In preparing these Standalone Financial Statement, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Management believes that the estimates used in the preparation of the Standalone Financial Statement are prudent and reasonable. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Changes in estimates are reflected in the financial estimates in the period in which changes are made and if material, their effects are disclosed in the notes to the Standalone Financial Statement.

a) Judgements

Information about the judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the Standalone Financial Statement have been given below:

- Note R - Classification of financial assets: assessment of business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.
- Note D - Lease Classification and identification of lease component



KFin Technologies Limited (formerly known as KFin Technologies Private Limited)
Standalone Financial Statement

2. Significant Accounting Policies (continued)

A. Basis of preparation and measurement of Standalone Financial Statement (continued)

Use of judgments and estimates (continued)

b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the Standalone Financial Statement for every period ended is included below:

- *Employee benefit plans*

The cost of defined benefit plans and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. However, any changes in these assumptions may have impact on the reported amount of obligation and expenses. (Refer note K).

- *Taxes*

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. The Company establishes provisions, based on reasonable estimates, for possible consequences of assessment by the tax authorities of the jurisdiction in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax assessment and differing interpretations of tax laws by the taxable entity and the responsible tax authority. The Company assesses the probability for litigation and subsequent cash outflow with respect to taxes.

Deferred income tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. (Refer note S)

- *Useful life and residual value of property, plant and equipment and intangible assets*

The charge in respect of periodic depreciation is derived after estimating the asset's expected useful life and the expected residual value at the end of its life. The depreciation method, useful lives and residual values of Company's assets are estimated by Management at the time the asset is acquired and reviewed during each financial year. (Refer note E, F and H)

- *Impairment of financial assets*

Analysis of historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required. (Refer note R)

- *Provisions and contingencies*

Assessments undertaken in recognizing the provisions and contingencies have been made as per the best judgment of the management based on the current available information. (Refer note Q).

- *Fair value measurement of financial instruments*

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. (Refer note R).



KFin Technologies Limited (formerly known as KFin Technologies Private Limited)
Standalone Financial Statement

2. Significant Accounting Policies (continued)

A. Basis of preparation and measurement of Standalone Financial Statement (continued)

Use of judgments and estimates (continued)

- *Impairment of non-financial assets: Key assumptions for discount rate, growth rate, etc.*
The determination of recoverable amounts of the CGUs assessed in the annual impairment test requires the Company to estimate their fair value net of disposal costs as well as their value-in-use. The assessment of value-in-use requires assumptions to be made with respect to the operating cash flows of the CGUs as well as the discount rates. (Refer note I)

C) Classification of assets and liabilities as current and non-current

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

Deferred tax assets are classified as non-current assets.

A liability is treated as current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current

Operating Cycle

The operating cycle is the time between the acquisition of the assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

D) Leases

i. As a lessee

As a lessee, the Company recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet. The Company decided to apply recognition exemptions to short-term leases.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in Ind AS 116. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

KFin Technologies Limited (formerly known as KFin Technologies Private Limited)
Standalone Financial Statement

2. Significant Accounting Policies (continued)

D) Leases (continued)

i. As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate at lease commencement date. Generally, the Company uses its incremental borrowing rate as the discount rate. The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Lease payments included in the measurement of the lease liability comprise:

- a. Fixed payments including in-substance fixed payments
- b. Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- c. Amounts expected to be payable under a residual value guarantee

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets.

The Company presents right-of-use assets as a separate line in the balance sheet and lease liabilities in 'Financial liabilities' in the Balance sheet.

ii. As a lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.



KFin Technologies Limited (formerly known as KFin Technologies Private Limited)
Standalone Financial Statement

2. Significant Accounting Policies (continued)

E) Property, plant and equipment

Recognition and measurement

Property, plant and equipment

Items of property, plant and equipment are measured at cost of acquisition or construction less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as a separate item (major components) of property, plant and equipment. Any gain or loss on disposal of property, plant and equipment is recognised in Standalone Statement of Profit and loss.

Capital work-in-progress

Cost of assets not ready for intended use, as on the balance sheet date, is shown as capital work-in-progress. Advances given towards acquisition of property, plant and equipment outstanding at each balance sheet date are disclosed as other non-current assets.

Subsequent Measurement

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation

The Company provides depreciation on Property, Plant and Equipment, other than vehicles and leasehold improvements based on the useful life specified in Schedule II to the Companies Act, 2013.

The depreciation is provided under straight-line method. The management based on the actual usage of vehicles has provided depreciation at the estimated useful life of 5 years as against the useful life of 8 years as specified under Schedule II to the Companies Act, 2013.

Leasehold improvements are amortised over the primary period of the lease or the estimated useful life of the assets, whichever is lower.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (up to) the date on which asset is ready for use (disposed of).

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

Asset category	Estimated useful life (years)
Plant and machinery	5-15
Electrical installations	10
Furniture and fixtures	10
Computers	3
Office equipment	5
Vehicles	5



KFin Technologies Limited (formerly known as KFin Technologies Private Limited)
Standalone Financial Statement

2. Significant Accounting Policies (continued)

F) Intangible assets

Intangible assets acquired are stated at cost less accumulated amortisation and impairment loss, if any.

Intangible assets are amortised in the Standalone Statement of Profit and Loss over their estimated useful lives from the date they are available for use based on the expected pattern of economic benefits of the asset. Intangible asset is amortised on straight line basis

Asset category	Estimated useful life (Years)
Computer software	3-10
Customer relationships	5

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure are recognised in the Standalone statement of profit and loss as incurred.

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the statement of profit and loss when the asset is derecognised.

G) Intangible assets under development

Research costs are expensed as incurred. Software product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Company has an intention and ability to complete and use or sell the software and the costs can be measured reliably. The costs which can be capitalized include the cost of software purchased, direct salary and overhead costs that are directly attributable to preparing the asset for its intended use.

H) Goodwill

Goodwill on acquisitions of businesses is reported separately from intangible assets.

- i) As stated in the approved scheme of amalgamation and arrangement approved by National Company Law Tribunal, Hyderabad goodwill is being amortised over period of 10 years (Refer Note 44 and Note 45(B)). Further this Goodwill is also tested for impairment at each reporting period and is carried at cost less accumulated amortization and accumulated impairment losses, if any.

The Company has obtained approval from its Board, shareholders, creditors, National Company Law Tribunal ("NCLT") or any other appropriate authority to modify the accounting treatment for Goodwill mentioned (i) above with effect from 1 April 2021. As per the scheme filed and NCLT order received the treatment of Goodwill with effect from 1 April 2021 shall be done as per applicable accounting standards and / or other applicable accounting policy. Accordingly, as per Ind AS 36 – Impairment of Assets, the Company is required to periodically test the impairment on Goodwill.

- ii) Goodwill generated through Business Transfer Agreement (Refer Note 44 and Note 45(A)) is tested for annual impairment at each reporting period and is carried at cost less accumulated impairment, if any.



KFin Technologies Limited (formerly known as KFin Technologies Private Limited)
Standalone Financial Statement

2. Significant Accounting Policies (continued)

I) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication on impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest Company of assets that generates the cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash generating unit (CGUs).

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

Where it is not possible to estimate the recoverable amount of individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment loss in respect of assets is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years. A reversal of impairment loss is recognised immediately in the Standalone Statement of Profit and Loss.

J) Foreign currency transactions

Transactions in foreign currencies are recorded by the Company at the exchange rates prevailing at the date when the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currency are translated to the functional currency at the exchange rates prevailing at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the date of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Foreign currency gains and losses are reported on a net basis in the Standalone Statement of Profit and Loss.

K) Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

The Company makes specified monthly contribution towards employee provident fund to Government administered provident fund scheme, which is a defined contribution scheme. The Company's contribution is recognised as an expense in the Standalone Statement of Profit and Loss during the period in which the employee renders the related service.

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.



KFin Technologies Limited (formerly known as KFin Technologies Private Limited)
Standalone Financial Statement

2. Significant Accounting Policies (continued)

K) Employee benefits (continued)

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

Gratuity

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. The contributions made to the fund are recognised as plan assets. The defined benefit obligation as reduced by fair value of plan assets is recognised in the Standalone Balance Sheet. Re-measurements are recognised in the other comprehensive income, net of tax in the year in which they arise.

When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprises actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in the Standalone Statement of profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date. The cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Standalone Statement of Profit and Loss in the period in which they occur.



KFin Technologies Limited (formerly known as KFin Technologies Private Limited)
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2. Significant Accounting Policies (continued)

L) Revenue

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind ASs. Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services. The effect on adoption of Ind AS 115 was insignificant.

Revenue from registry and related services and communication services is recognised on the basis of services rendered to customers, in accordance with the terms and conditions of the contracts entered into by the Company with each customer provided, the revenue is reliably determinable, and no significant uncertainty exist regarding the collection.

Income from pension fund solutions represents services which are recognised as per the terms of the contract with customers, when such related services are rendered.

Revenue from data processing services is recognised based on the services rendered, in accordance with the terms of the contract, either on a time cost basis or on the basis of number of enumerations processed.

Recoverable expenses represent expenses incurred to related to service performed and are recognised on the basis of billing to customers, in accordance with the terms and conditions of the agreements entered into by the Company with each customer.

Work-in-progress (unbilled revenue) represents revenue from services rendered, recognised based on services performed in advance of billing based on the terms and conditions mentioned in the agreements with the customers.

M) Other income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition. Interest income is included in other income in the Standalone Statement of Profits and Losses.

Dividends are recognised in Standalone Statement of Profit or Loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

N) Borrowings and related cost

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.



KFin Technologies Limited (formerly known as KFin Technologies Private Limited)
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2. Significant Accounting Policies (continued)

O) Contract balances

Contract assets: The Company classifies its right to consideration in exchange for deliverables as either a receivable or as unbilled revenue. A receivable is a right to consideration that is unconditional upon passage of time. Revenues in excess of billings is recorded as unbilled revenue and is classified as a financial asset where the right to consideration is unconditional upon passage of time.

Contract liabilities: A contract liability (which we referred to as Unearned Revenue) is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is received.

P) Trade receivables

Trade receivables are amounts due from customers for services rendered in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost, less provision for expected credit loss.

Q) Provisions, contingent liabilities and contingent assets

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event and it is probable ("more likely than not") that it is required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, considering the risks and uncertainties surrounding the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the entity. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote.

Contingent assets are not recognised in the Standalone Financial Statement but disclosed, where an inflow of economic benefit is probable.

A contract is considered as onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.



KFin Technologies Limited (formerly known as KFin Technologies Private Limited)
Standalone Financial Statement

2. Significant Accounting Policies (continued)

R) Financial instruments

Business model assessment

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments also include derivative contracts such as foreign currency forward contracts, embedded derivatives in the host contract, etc.

Financial assets

Initial recognition and measurement

The Company initially recognises trade receivables and debt securities issued on the date on which they are originated. The Company recognises the other financial assets on the trade date, which is the date on which the Company becomes a party to the contractual provision of the instrument.

All financial assets are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset except assets measured at fair value through profit or loss

Classifications and subsequent measurement

Classifications

The Company classifies its financial assets as subsequently measured at either amortised cost or fair value depending on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Business model assessment

The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

Assessment whether contractual cash flows are solely payments of principal and interest

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Debt instrument at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at Fair value through profit and loss (FVTPL):

- a) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate ('EIR') method. Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.



KFin Technologies Limited (formerly known as KFin Technologies Private Limited)
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2. Significant Accounting Policies (continued)

R) Financial instruments (continued)

Debt instrument at fair value through Other Comprehensive Income (FVOCI)

A financial asset is measured at FVOCI only if both of the following conditions are met:

- a) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- b) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

After initial measurement, such financial assets are subsequently measured at fair value with changes in fair value recognised in other comprehensive income (OCI). Interest income is recognised basis EIR method and the losses arising from ECL impairment are recognised in the Standalone Statement of Profit or Loss.

Debt instrument at fair value through profit and loss (FVTPL)

Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVOCI, is classified as at FVTPL.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income are recognized in Standalone Statement of Profit or Loss

Reclassification of financial assets

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost. At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for security because of financial difficulties.



KFin Technologies Limited (formerly known as KFin Technologies Private Limited)
Standalone Financial Statement

2. Significant Accounting Policies (continued)

R) Financial instruments (continued)

Impairment of financial assets (continued)

The Company measures loss allowances at an amount equal to lifetime expected credit losses.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Presentation of allowance for expected credit losses in the Standalone Balance Sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.



KFin Technologies Limited (formerly known as KFin Technologies Private Limited)
Standalone Financial Statement

2. Significant Accounting Policies (continued)

R) Financial instruments (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, amortised cost, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of amortised cost, net of directly attributable transaction costs.

Classification and subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial Liabilities measured at amortised cost

After initial recognition, financial liabilities are measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Standalone Statement of Profit or Loss.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

Gains or losses on liabilities held for trading are recognised in the Standalone Statement of Profit or Loss.

Financial liabilities

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains and losses attributable to changes in own credit risk are recognised in OCI. These gains and losses are not subsequently transferred to profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Standalone Statement of Profit or Loss.

Derecognition of financial liabilities

Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. Company also derecognizes a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and a new financial liability with modified terms is recognized in the Standalone Statement of Profit or Loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously ('the offset criteria').



KFin Technologies Limited (formerly known as KFin Technologies Private Limited)
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2. Significant Accounting Policies (continued)

S) Income taxes

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the balance sheet and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in the statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.



KFin Technologies Limited (formerly known as KFin Technologies Private Limited)
Standalone Financial Statement

2. Significant Accounting Policies (continued)

T) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Board of directors of the Company have been identified as being the Chief operating decision maker by the management of the Company. Refer Note 39 to Annexure VI for segment information presented.

U) Cash and cash equivalents

Cash and cash equivalents are short-term highly liquid investments that are readily convertible into cash with original maturities of three months or less. Cash and cash equivalents consist primarily of cash and deposits with banks and interest accrued on deposits.

V) Cash flow statement

Cash flows are reported using the indirect method, whereby net profit/ (loss) before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

W) Earnings per share

Basic earnings per share ("EPS") is computed by dividing the net profit after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit after tax for the year and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed to be converted as of the beginning of the year, unless they have been issued at a later date.

X) Business combinations

Business combinations have been accounted for using the acquisition method under the provisions of Ind AS 103, Business Combinations. The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition, which is the date on which control is transferred to the Company. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition. Transaction cost that the Company incurs in connection with business combination such as finders fees, legal fees, due diligence and other professional fees are charged to equity.

Goodwill is measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

In case of business combinations taking under scheme of amalgamation approved by Courts in India, the accounting treatment as specified in the court order is followed for recording such business combination.



KFin Technologies Limited (formerly known as KFin Technologies Private Limited)
Standalone Financial Statement

2. Significant Accounting Policies (continued)

X) Business combinations (continued)

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Y) Employee Stock option plan (ESOP)

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in 'Share based payment' reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Z) Non-current Assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and sale is considered highly probable. A sale is considered as highly probable when decision has been made to sell, assets are available for immediate sale in its present condition, assets are being actively marketed and sale has been agreed or is expected to be concluded within 12 months of the date of classification. Non-current assets held for sale are neither depreciated nor amortised. Assets and liabilities classified as held for sale are measured at the lower of their carrying amount and fair value less cost of sale and are presented separately in the Standalone Balance Sheet.

AA) Recent accounting developments and accounting pronouncements

MCA vide notifications dated 24 March, 2021 has amended Schedule III to the Companies Act, 2013 in respect of certain disclosures required to be made by the Company in its financial statements. These amendments are applicable to the Company from the financial year starting 01 April 2021. The Company has incorporated the changes as per the said amendment in the financial statements and has also changed the comparative numbers wherever applicable.

Previous year figures have been re-grouped/re-classified to conform to below requirements of the amended Schedule III to the Companies Act, 2013, effective from 01 April 2021 :

- (a) Interest accrued but not due on borrowings and current maturities of long term debt is re-grouped to Current borrowings (Note 22) which were earlier grouped under Other financial liabilities (Note 24)
- (b) Rental deposits is re-grouped under Other financial assets (Note 16) which were earlier grouped under Loans (Note 15)



KFin Technologies Limited (formerly known as KFin Technologies Private Limited)
Standalone Financial Statement

2. Significant Accounting Policies (continued)

AB) Recent accounting developments and accounting pronouncements (continued)

On 23 March 2022, the Ministry of Corporate Affairs (MCA) amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from 1 April 2022 as below:

Ind AS 103 – Reference to Conceptual Framework

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 16 – Proceeds before intended use

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

Ind AS 37 – Onerous Contracts –Costs of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 109 – Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 106 – Annual Improvements to Ind AS (2021)

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.



KFin Technologies Limited (formerly known as 'KFin Technologies Private Limited')

Notes to standalone financial statements

(All amounts are in INR lakhs, unless otherwise stated)

3 Property, plant and equipment

Particulars	Leasehold improvements	Computers and other related assets	Furniture and fixtures	Office equipment	Plant and Machinery	Vehicles	Total	Capital work-in-progress
Gross carrying amount								
Balance as at 1 April 2020	1,615.44	2,703.62	214.60	379.43	73.03	113.71	5,099.83	-
Additions	156.94	430.81	-	38.70	-	54.89	681.34	-
Disposals	-	-	(1.23)	(3.66)	(1.61)	(90.47)	(96.97)	-
Balance as at 31 March 2021	1,772.38	3,134.43	213.37	414.47	71.42	78.13	5,684.20	-
Additions	3.31	1,793.12	1.89	68.60	-	79.46	1,946.38	63.32
Disposals	-	(64.82)	-	(4.28)	-	(3.24)	(72.34)	-
Balance as at 31 March 2022	1,775.69	4,862.73	215.26	478.79	71.42	154.35	7,558.24	63.32
Accumulated depreciation								
Balance as at 1 April 2020	481.51	918.57	48.24	171.96	10.35	36.96	1,667.59	-
Depreciation for the year	370.09	712.63	33.92	78.69	7.54	12.69	1,215.56	-
Disposals	-	-	(0.53)	(3.00)	(1.29)	(37.21)	(42.03)	-
Balance as at 31 March 2021	851.60	1,631.20	81.63	247.65	16.60	12.44	2,841.12	-
Depreciation for the year	399.41	897.55	34.72	67.52	6.45	20.14	1,425.79	-
Disposals	-	(64.11)	-	(4.28)	-	(3.24)	(71.63)	-
Balance as at 31 March 2022	1,251.01	2,464.64	116.35	310.89	23.05	29.34	4,195.28	-
Balance as at 31 March 2022	524.68	2,398.09	98.91	167.90	48.37	125.01	3,362.96	63.32
Balance as at 31 March 2021	920.78	1,503.23	131.74	166.82	54.82	65.69	2,843.08	-

Ageing of Capital work in progress:

Particulars	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
Balance as at 31 March 2022					
Projects in progress	63.32	-	-	-	63.32
Projects temporarily suspended	-	-	-	-	-
As at 31 March 2021					
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

Notes:

- (a) Refer Note 20 for the details of property, plant and equipment that has been pledged as security against borrowings of the Company
(b) The Company has not carried out any revaluation of its Property, plant and equipment
(c) The Company does not hold any immovable property in its own name

KFin Technologies Limited (formerly known as 'KFin Technologies Private Limited')

Notes to standalone financial statements (continued)

(All amounts are in INR lakhs, unless otherwise stated)

4 Goodwill

Particulars	Amount
Gross carrying amount	
Balance as at 1 April 2020	67,627.56
Additions	-
Deletions	-
Balance as at 31 March 2021	67,627.56
Additions	-
Deletions	-
Balance as at 31 March 2022	67,627.56
Accumulated amortisation	
Balance as at 1 April 2020	9,258.35
Amortisation for the year	6,743.61
Balance as at 31 March 2021	16,001.96
Amortisation for the year (Refer Note (iii) below)	-
Balance as at 31 March 2022	16,001.96
Carrying amounts (net)	
Balance as at 31 March 2022	51,625.60
Balance as at 31 March 2021	51,625.60

Note:

(i) The Company has not carried out any revaluation of its Goodwill.

(ii) Refer Note 44 for the impairment assessment carried out by the Management.

(iii) Refer Note 45(B) for details of NCLT order received by the Company in respect of amortisation of goodwill.

5 Other Intangible assets

Particulars	Computer Software	Customer relationships	Total	Intangible assets under development*
Gross carrying amount				
Balance as at 1 April 2020	1,236.41	2,189.78	3,426.19	8.30
Additions	2,162.74	-	2,162.74	479.93
Disposals^	-	-	-	(237.08)
Balance as at 31 March 2021	3,399.15	2,189.78	5,588.93	251.15
Additions	1,482.01	-	1,482.01	4,065.50
Disposals^	-	-	-	(922.30)
Balance as at 31 March 2022	4,881.16	2,189.78	7,070.94	3,394.35
Accumulated amortisation				
Balance as at 1 April 2020	363.48	170.20	533.68	-
Amortisation for the year	337.56	437.48	775.04	-
Balance as at 31 March 2021	701.04	607.68	1,308.72	-
Balance as at 1 April 2021	701.04	607.68	1,308.72	-
Amortisation for the year	659.84	437.47	1,097.31	-
Balance as at 31 March 2022	1,360.88	1,045.15	2,406.03	-
^ Disposals with respect to Intangible assets under development represents transfer to Computer Software by way of capitalisations.				
*Intangible assets under development represents internally developed softwares for business purposes.				
Carrying amounts (net)				
Balance as at 31 March 2022	3,520.28	1,144.63	4,664.91	3,394.35
Balance as at 31 March 2021	2,698.11	1,582.10	4,280.21	251.15

Ageing of Intangible assets under development is as under:

Particulars	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
Balance as at 31 March 2022					
- Projects in progress	3,163.69	230.66	-	-	3,394.35
- Projects temporarily suspended	-	-	-	-	-
Balance as at 31 March 2021					
- Projects in progress	251.15	-	-	-	251.15
- Projects temporarily suspended	-	-	-	-	-

Note:

(a) The Company has not carried out any revaluation of its Other intangible assets.

(b) There are no projects where completion is overdue or has exceeded its cost compared to its original plan.

KFin Technologies Limited (formerly known as 'KFin Technologies Private Limited')
Notes to standalone financial statements (continued)
(All amounts are in INR lakhs, unless otherwise stated)

6 Right-of-use assets

A Following are the changes in the carrying values of right of use assets:

Particulars	Category of ROU Building premises
Balance as at 01 April 2020	4,341.94
Prepayments	23.51
Additions	990.58
Deletions	(280.84)
Balance as at 31 March 2021	5,075.19
Balance as at 01 April 2021	5,075.19
Prepayments	3.48
Additions	1,068.93
Deletions	(107.52)
Balance as at 31 March 2022	6,040.08
Accumulated depreciation	
Balance as at 01 April 2020	794.62
Depreciation for the year	1,057.07
Deletions	(93.77)
Balance as at 31 March 2021	1,757.92
Balance as at 01 April 2021	1,757.92
Depreciation for the year	1,093.34
Deletions	(38.14)
Balance as at 31 March 2022	2,813.12
Carrying amounts	
Balance as at 31 March 2022	3,226.96
Balance as at 31 March 2021	3,317.27

The aggregate depreciation expense for the year on right-of-use assets is included under depreciation and amortisation expense in the standalone statement of profit and loss. (Refer Note 32)

B The following is the rental expense recorded for short-term leases, variable lease payments and low value leases.

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Short-term lease expense	289.42	598.68
Low value lease expense	-	-
Variable lease expense	-	-
Total	289.42	598.68

C Following are the changes in the lease liabilities:

Particulars	As at 31 March 2022	As at 31 March 2021
Opening Balance	3,585.21	3,673.81
Additions	1,068.93	990.58
Finance cost accrued during the year	305.08	359.48
Deletions	(72.66)	(195.92)
Payment of lease liabilities	(1,314.20)	(1,124.71)
Rent concession	(3.58)	(118.03)
Closing balance	3,568.78	3,585.21
Current lease liabilities	1,149.42	981.38
Non-current lease liabilities	2,419.36	2,603.83

D The following are the amounts recognised in standalone statement of profit and loss

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Depreciation on Right-of-use assets	1,093.34	1,057.07
Interest expenses	305.08	359.48
	1,398.42	1,416.55

E The following is the cash outflow on leases:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Payment of lease liabilities	1,009.01	765.23
Interest on lease liabilities	305.08	359.48
Total cash outflow on leases	1,314.09	1,124.71

F The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

Particulars	As at 31 March 2022	As at 31 March 2021
Less than 1 year	1,392.02	1,177.78
1 to 5 years	2,110.57	2,823.20
Over 5 years	847.77	446.53

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

KFin Technologies Limited (formerly known as 'KFin Technologies Private Limited')
Notes to standalone financial statements (continued)
(All amounts are in INR lakhs, unless otherwise stated)

Particulars	As at 31 March 2022	As at 31 March 2021
7 Investments in subsidiaries		
Investment in equity instruments - unquoted- at cost		
800 (31 March 2021: 800) equity shares of KFin Technologies (Bahrain) W.L.L. of BHD 50 each, fully paid-up	1,354.61	1,354.61
100,000 (31 March 2021: 100,000) equity shares of KFin Technologies (Malaysia) SDN.BHD of MYR 1 each fully paid-up	167.35	167.35
5,510,000 (31 March 2021: 10,000) equity shares of KFin Services Private Limited of INR 10 each fully paid-up	551.00	1.00
79,900,000 (31 March 2021: Nil) equity shares of Hexagram Fintech Private Limited of INR 1 each fully paid-up	3,318.65	-
	5,391.61	1,522.96
Aggregate amount of un-quoted non-current investments	5,391.61	1,522.96
Aggregate amount of provision for impairment in value of non-current investments	-	-
8 Other non-current financial assets		
Rental deposits	528.87	457.15
Electricity deposits	51.90	52.47
Telephone deposits	0.66	1.05
Bank deposits (due to mature after 12 months from balance sheet date)*	32.90	9.52
	614.33	520.19
*includes fixed deposits amounting to INR 32.79 lakhs (31 March 2021: INR 9.52 lakhs) which is not freely remissible because of contractual restrictions. The Company's exposure to credit risks are disclosed in Note 42.		
There are no debts due to Company by Directors either individually, severally or jointly with another person, by firms or private companies in which any director is a partner or director or member .		
9 Non-current tax assets (net)		
Advance income-tax including tax deducted at source (net of provision for tax INR 4,643.00 lakhs; 31 March 2021: INR 4,643.00 lakhs)	3,630.92	3,395.66
	3,630.92	3,395.66
10 Other non-current assets <i>(Unsecured considered good)</i>		
Capital advances	4.55	3.99
Prepayments	115.87	214.48
	120.42	218.47
11 Current investments		
Investments in equity instruments of other companies - quoted - at FVTPL		
Nil (31 March 2021: 1,294,489) equity shares of Petronet LNG Limited of INR 10 each, fully paid-up	-	2,908.07
	-	2,908.07
Investments in mutual funds - quoted - at FVTPL		
65,538 (31 March 2021: 63,611) units of DSP Blackrock Liquidity Fund - Regular Plan -Daily Dividend	655.99	636.71
136,979 (31 March 2021: 53,014) units of L&T Liquid Fund - Regular Liquid Daily Dividend Reinvestment Plan	1,389.44	536.38
152,643 (31 March 2021: 114,164) units of TATA Liquid Fund Regular Plan - Daily Dividend	1,528.75	1,143.38
115,048 (31 March 2021: 92,549) units of Kotak Liquid Regular Plan Daily Dividend	1,406.82	1,131.70
122,848 (31 March 2021: 93,156) units of HDFC Liquid Fund-Regular Plan Daily Dividend Reinvestment	1,252.83	950.02
1,472,968 (31 March 2021: 1,027,309) units of ICICI Prudential Liquid Fund - Daily Dividend	1,474.56	1,028.83
148,753 (31 March 2021: 111,271) units of SBI Liquid Fund - Regular Daily Dividend	1,599.92	1,155.83
	9,308.31	6,582.85
	9,308.31	9,490.92
Aggregate amount of quoted current investments and market value thereof	9,308.31	9,490.92
Aggregate amount of impairment in value of investments	-	-
Note: The Company holds certain shares of its customers as a trustee. The Company is in process of transferring those shares to the relevant account based on the instructions to be received from respective customers.		

KFin Technologies Limited (formerly known as 'KFin Technologies Private Limited')
Notes to standalone financial statements (continued)
(All amounts are in INR lakhs, unless otherwise stated)

Particulars	As at 31 March 2022	As at 31 March 2021
12 Trade receivables		
(a) Trade receivables considered good - unsecured*	12,720.37	12,230.15
(b) Trade receivables considered good - secured	-	-
(c) Trade receivables which have significant increase in credit risk	-	-
(d) Trade receivables - credit impaired	-	-
Total	12,720.37	12,230.15
Allowance for credit loss	(2,014.00)	(1,443.19)
Total trade receivables	10,706.37	10,786.96
*Includes receivables from related parties Refer Note 41		
Movements in the allowance for credit loss are as follows:		
Opening balance	1,443.19	1,291.32
Balance transferred to trade receivables from retention money	-	118.08
Provision for loss allowance	570.81	33.79
Closing balance	2,014.00	1,443.19

Trade receivables are unsecured and are derived from revenue from operations i.e. fee revenue and recoverable expenses revenue. No interest is charged on the outstanding balance, regardless of the age of the balance. The Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss towards expected risk of delays and default in collection. The Company has used a practical expedient by computing the expected credit loss allowance based on a provision matrix. Management makes specific provision in cases where there are known specific risks of customer default in making the repayments. The provision matrix takes into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as per the

Ageing of gross trade receivable as at 31 March 2022 is as under:

Particulars	Unbilled	Not due	Outstanding for following period from the due date of receipt					Total
			Less than 6 Months	6 months - 1 year	1 to 2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	789.17	7,824.57	1,744.22	867.75	259.26	217.72	1,017.68	12,720.37
(ii) Undisputed Trade receivables –which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Undisputed Trade receivables – credit impaired	-	-	-	-	-	-	-	-
(iv) Disputed Trade receivables – considered good	-	-	-	-	-	-	-	-
(iv) Disputed Trade receivables–which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade receivables – credit impaired	-	-	-	-	-	-	-	-

Ageing of gross trade receivable as at 31 March 2021 is as under:

Particulars	Unbilled	Not due	Outstanding for following period from the due date of receipt					Total
			Less than 6 Months	6 months - 1 year	1 to 2 years	2-3 years	More than 3 years*	
(i) Undisputed Trade receivables – considered good	799.00	4,662.26	3,237.36	844.79	615.48	2,071.27	-	12,230.16
(ii) Undisputed Trade receivables –which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Undisputed Trade receivables – credit impaired	-	-	-	-	-	-	-	-
(iv) Disputed Trade receivables – considered good	-	-	-	-	-	-	-	-
(iv) Disputed Trade receivables–which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade receivables – credit impaired	-	-	-	-	-	-	-	-

There are no trade receivables due to Company by Directors either individually, severally or jointly with another person, by firms or private companies in which any director is a partner or director or member.

The Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in Note 42.

*Refer Note 45 in respect of amalgamation and accordingly trade receivable ageing has been considered from the date of amalgamation.

13 Cash and cash equivalents

Balance with banks:

(i) in current accounts

3,092.24	1,471.44
3,092.24	1,471.44

The Company's exposure to credit risks are disclosed in Note 42.

14 Bank balances other than cash and cash equivalents

Bank balance in deposit accounts (having original maturity of more than 3 months but less than 12 months from reporting date)*

12.30	54.34
12.30	54.34

* Includes fixed deposits amounting to INR 12.30 lakhs (31 March 2021: INR 46.13 lakhs) which is not freely remissible because of contractual restrictions.

The Company's exposure to credit risks are disclosed in Note 42.

KFin Technologies Limited (formerly known as 'KFin Technologies Private Limited')
Notes to standalone financial statements (continued)
(All amounts are in INR lakhs, unless otherwise stated)

Particulars	As at 31 March 2022	As at 31 March 2021
15 Loans		
Loans to employees	14.07	26.88
	<u>14.07</u>	<u>26.88</u>
Break up of security details		
(a) Loans considered good - Secured	-	-
(b) Loans considered good - Unsecured	14.07	26.88
(c) Loans which have significant increase in Credit Risk	-	-
(d) Loans - credit impaired	-	-
Total current loans	<u>14.07</u>	<u>26.88</u>
The Company's exposure to credit risk are disclosed in Note 42.		
There are no debts due to Company by Directors either individually, severally or jointly with another person, by firms or private companies in which any director is a partner or director or member.		
16 Other current financial assets		
Unsecured, considered good		
Stamp duty receivables	946.09	985.18
Rental deposits	42.12	9.32
Other receivables	15.24	199.96
IPO related expenses (Refer Note 50)	844.49	-
Others	<u>22.90</u>	<u>31.58</u>
	<u>1,870.84</u>	<u>1,226.04</u>
Unsecured, considered doubtful		
Other receivables	<u>56.13</u>	<u>56.13</u>
	<u>56.13</u>	<u>56.13</u>
Less: Allowance for credit loss		
Other receivables	<u>(56.13)</u>	<u>(56.13)</u>
	<u>(56.13)</u>	<u>(56.13)</u>
	<u>1,870.84</u>	<u>1,226.04</u>
Movements in allowance for credit loss of other financial assets are as follows:		
Opening balance	56.13	-
Allowance for credit loss created during the year	-	56.13
Closing balance	<u>56.13</u>	<u>56.13</u>
The Company's exposure to credit risks are disclosed in Note 42.		
17 Other current assets		
Advances to vendors for supply of goods/ services	239.13	236.96
Prepayments	605.19	457.89
Advances to employees	<u>4.62</u>	<u>51.45</u>
	<u>848.94</u>	<u>746.30</u>

18 Equity share capital

Particulars	As at 31 March 2022	As at 31 March 2021
Authorised share capital		
a) 175,980,000 (previous year: 176,000,000) equity shares of INR 10 each	17,598.00	17,600.00
b) 1,000 (31 March 2021: Nil) non-convertible redeemable preference shares (RPS) of INR 200 each	2.00	-
	17,600.00	17,600.00
Issued, subscribed and paid-up		
(a) 167,568,883 (31 March 2021: 150,843,583) equity shares of INR 10 each, fully paid-up	16,756.89	15,084.36
(b) 1,000 (31 March 2021: Nil) RPS of INR 200 each, fully paid up (Refer Note 20)		
	16,756.89	15,084.36

a. Terms and rights attached to equity shares

The Company has a single class of equity shares having a par value of INR. 10 per equity share. Accordingly, all equity shares rank equally with regard to dividends and in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held. Each holder of equity shares is entitled to one vote per share.

Upto previous year, one of the shareholder of the Company had been granted a right to additional shares which were exercisable upon meeting various performance and other parameters as defined in the Shareholders Agreement (SHA). During the year, the Company has entered into an amendment agreement to the original SHA dated 3 August 2017 wherein each of the Parties has agreed that, notwithstanding anything contained in the Existing SHA, on and from the Effective Date, the Existing SHA (including any rights, duties and obligations of the Parties under or incidental to the Existing SHA) shall stand unconditionally and irrevocably terminated and shall cease to have any force or effect without any further action being required from any Party. Also Refer Note 20.

Employee stock options:

The Company has granted certain stock options to their employees. For details of shares reserved for issue under the Employee Stock Options Plan, of the Company, Refer Note 47.

b. Reconciliation of number of equity shares of INR. 10 each, fully paid up outstanding at the beginning and at the end of the year:

Particulars	No. of shares	Amount
As at 1 April 2020	150,843,583	15,084.36
Shares issued during the year	-	-
As at 31 March 2021	150,843,583	15,084.36
Shares issued during the year	16,725,100	1,672.51
Shares issued during the year under Employee Stock Option Plan ('ESOP') (Refer Note 47)	200	0.02
As at 31 March 2022	167,568,883	16,756.89

c. Details of shares held by its holding company or its ultimate holding company including shares held by subsidiaries or associates of the holding company or the ultimate holding company in aggregate:

Particulars	As at 31 March 2022		As at 31 March 2021	
	No. of shares	Percentage of total shares	No. of shares	Percentage of total shares
Equity shares of INR 10 each fully paid up, held by:				
General Atlantic Singapore Fund Pte Ltd	125,580,400	74.94%	125,580,400	83.25%
General Atlantic Singapore KFT Pte Ltd	1,608,503	0.96%	-	-
Total	127,188,903	75.90%	125,580,400	83.25%

d. Details of shareholders holding more than 5% shares in the Company:

Particulars	As at 31 March 2022		As at 31 March 2021	
	No. of shares	Percentage of total shares	No. of shares	Percentage of total shares
Equity shares of INR 10 each fully paid up, held by:				
General Atlantic Singapore Fund Pte Ltd	125,580,400	74.94%	125,580,400	83.25%
Compar Estates and Agencies Private Limited	18,414,296	10.99%	18,414,296	12.21%
Kotak Mahindra Bank Limited	16,725,100	9.98%	-	-
Total	160,719,796	95.91%	143,994,696	95.46%

e. Shares held by promoters at the end of the year:

Promoter name	As at 31 March 2022			As at 31 March 2021		
	No. of shares	Percentage of total shares	Percentage of change during the year	No. of shares	Percentage of total shares	Percentage of change during the year
Equity shares of INR 10 each fully paid up, held by:						
General Atlantic Singapore Fund Pte Ltd and its associates	127,188,903	75.90%	-8.83%	125,580,400	83.25%	-
Total	127,188,903	75.90%		125,580,400	83.25%	

f. During the period of five years immediately preceding the respective balance sheet date, no shares were allotted as fully paid up pursuant to a contract without payment being received in cash other than 110,000,015 equity shares of INR 10 each.

g. The Company has not allotted any shares as fully paid by way of bonus shares during the five year period immediately preceding the respective balance sheet date.

h. During the period of previous five years immediately preceding the respective balance sheet date, the Company has bought back 14,987,846 equity shares under Buy-back Plan 2019.

i. Enforcement Directorate (ED) vide its order dated 24 September 2021, has instructed the Company not to facilitate the alienation/ sale/ creation of any lien or liability in respect of equity shares held by certain shareholders. On 11 March 2022, the Company has received Provisional Attachment Order No. 06/2022 dated 8 March 2022 issued by the Deputy Director, Directorate of Enforcement, Hyderabad Zonal Office, whereby the ED has provisionally attached the equity shares held by those shareholders.

KFin Technologies Limited (formerly known as 'KFin Technologies Private Limited')

Notes to standalone financial statements (continued)

(All amounts are in INR lakhs, unless otherwise stated)

Particulars	Note	As at 31 March 2022	As at 31 March 2021
19 Other equity			
Capital reserve	a		
Balance at the beginning of the year		1.00	1.00
Addition during the year		-	-
Balance at the end of the year		1.00	1.00
Securities premium	b		
Balance at the beginning of the year		22,824.33	22,824.33
Add: Premium received upon issue of equity share capital		29,327.69	-
Less: Expenses incurred on issue of shares		(2,092.76)	-
Add: Transfer from securities premium on exercise of stock options		0.07	-
Balance at the end of the year		50,059.33	22,824.33
Debenture redemption reserve (DRR)	c		
Balance at the beginning of the year		750.00	750.00
Less: Transfer to General reserve (Refer Note 19(g))		(750.00)	-
Balance at the end of the year		-	750.00
Retained earnings	d		
Balance at the beginning of the year		(6,091.73)	604.07
Add: Profit/ (loss) for the year		15,301.52	(6,731.40)
Less: Premium payable on RPS recognised as financial liability (Refer Note 20(ii))		(14,829.35)	-
Add/ (less): Remeasurement of defined benefit obligation for the year		(76.77)	35.60
Balance at the end of the year		(5,696.33)	(6,091.73)
Share based payment reserve	e		
Balance at the beginning of the year		289.70	168.10
Add: Charge for the year		914.54	121.60
Add: Share based payments of the options issued to the employees of subsidiary		0.93	-
Less: Transferred to securities premium on exercise of stock options		(0.07)	-
Balance at the end of the year		1,205.10	289.70
Capital redemption reserve	f		
Balance at the beginning of the year		1,498.78	1,498.78
Add: Movement during the year		-	-
Balance at the end of the year		1,498.78	1,498.78
General reserve	g		
Balance at the beginning of the year		-	-
Add: Transferred during the year from DRR (Refer Note 19(c))		750.00	-
Balance at the end of the year		750.00	-
Total other equity	(a+b+c+d+e+f+g)	47,817.88	19,272.08

KFin Technologies Limited (formerly known as 'KFin Technologies Private Limited')

Notes to standalone financial statements (continued)

(All amounts are in INR lakhs, unless otherwise stated)

19 Other equity (continued)

Nature and purpose of other reserves

(a) Capital reserve

Reserve created was on cancellation of equity shares pursuant to Scheme of amalgamation approved by National Company Law Tribunal during the year ended 31 March 2019.

(b) Securities premium

The amount received in excess of face value of the equity shares is recognised in Securities Premium Reserve. It can be utilised in accordance with the provisions of the Companies Act, 2013.

(c) Debenture redemption reserve ('DRR')

According to Section 71 of the Companies Act 2013, where a Company issues debentures, it is required to create a debenture redemption reserve for the redemption of such debentures. The Central Government on 16 August 2019 has amended the Companies (Share Capital and Debentures) Rules 2014 to exclude listed companies having privately placed debentures from the requirement of maintaining DRR. Accordingly, the Company has not transferred any amount to DRR from the year ended 31 March 2020.

On 29 December 2021, the Company has early repaid the debentures and thereby the reserve is no longer required and hence transferred to general reserve.

(d) Retained earnings

Retained earnings represents the net profits after all distributions and transfers to other reserves.

Other comprehensive income comprises of

Remeasurement of defined benefit plans

Remeasurement of defined benefit plans represents the following as per Ind AS 19, Employee Benefits:

- (a) actuarial gains and losses
- (b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and
- (c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset)
- (d) tax effect of the above adjustments

(e) Share-based payment reserve

The Company has established various equity-settled share based payments plans for certain categories of employees of the Company and its subsidiaries. Refer Note 47 for further details on these plans.

(f) Capital redemption reserve

Represents reserve created for cancellation of 14,987,846 equity shares bought back under buy back plan in financial year 2019-2020.

(g) General reserve

The general reserve is used from time to time to transfer profits/ reserve from retained earning/ other component of equity (such as DRR) for appropriation purposes. There is no policy of regular transfer. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to standalone statement of profit and loss.

KFin Technologies Limited (formerly known as 'KFin Technologies Private Limited')
Notes to standalone financial statements (continued)
(All amounts are in INR lakhs, unless otherwise stated)

Particulars	As at 31 March 2022	As at 31 March 2021
20 Non-current borrowings		
Non-convertible Debentures (secured) - Refer Note (i) below	-	34,588.97
Less: Current maturities of long term debt (Refer Note 22)	-	(5,200.00)
	-	29,388.97
Redeemable preference shares (Refer Note (ii) below)	2.00	-
Premium payable on redemption of RPS (Refer Note (ii) below)	12,249.42	-
	12,251.42	-
	12,251.42	29,388.97
<p>(i) In FY 2018-2019, the Company had issued 4,000 non-convertible debentures (NCDs) of INR 1,000,000 each to Nomura Singapore Limited and Standard Chartered Bank, Singapore for an amount of INR 40,000.00 lakhs. Transaction costs amounting to INR 1,198.69 lakhs had been netted off against the amount of NCDs. The NCDs are listed on the Bombay Stock Exchange, India with effect from 29 November 2018. The NCDs were repayable in 10 half yearly instalments commencing from 30 September 2019 to 16 November 2023 and carry an interest rate of 11.5% per annum payable half yearly. The loan was utilised for the purpose for which is was raised.</p> <p>On 29 December 2021, the Company has prepaid the entire NCD including interest and prepayment charges. The Company has incurred a prepayment charges of INR 847.14 lakhs which is debited to the standalone statement of profit and loss as 'Other interest cost'. The Company has informed and obtained approval for delisting the NCDs from the Bombay Stock Exchange.</p> <p>Security The debentures were secured by : (a) a first ranking exclusive charge by way of hypothecation on the Account Assets under the IPA Deed of Hypothecation; (b) a first ranking charge by way of hypothecation on all the Company Assets under the Company Deed of Hypothecation</p> <p>(ii) Redeemable preference share (unsecured) (a) Terms and rights attached to RPS:- On 25 October 2021, the Company has issued 1,000 non-convertible redeemable preference shares having face value of INR 200 each share ("RPS") at par on a private placement basis for a maximum period of 20 years from the date of issue. These RPS shall not carry any voting rights. The RPS shall be subordinated to the existing indebtedness of the Company and any future senior debt that the Company may take.</p> <p>The RPS shall be redeemed by the Company in accordance with the provisions of the Companies Act, 2013 and the Share Subscription Agreement ("SSA") dated 28 May 2021 on or after 25 October 2023 ("the Target Redemption Date") and a redemption premium of INR 13,400.00 lakhs shall be payable by the Company subject to satisfaction of the conditions prescribed under the SSA. These RPS carries preferential non-cumulative dividend rate of 0.0001% per annum ("Preferential Dividend"), which shall be applicable until 25 October 2023. The dividend shall be due only when declared by the Board. In the event that the RPS are not redeemed on the Target Redemption Date or within 60 (sixty) days therefrom, in accordance with the SSA, then the dividend rate applicable on the RPS for the period after the Target Redemption Date, shall stand revised to a preferential cumulative dividend rate of 7% per annum, which shall further increase by 200 bps per annum at every anniversary of the Target Redemption Date, subject to a maximum of 13% per annum. The payment of such dividend shall be subject to deduction and withholding of taxes by the Company as per applicable law. The RPS shall be non-participating in the surplus funds and surplus assets. The RPS are transferable subject to the conditions mentioned under SSA.</p> <p>(b) Pursuant to a subscription agreement dated 28 May 2021 between the Company and certain individuals, who were minority shareholders of the Company at such time, with regard to termination of rights of such shareholders and Permitted Assignees (other than such shareholders), in terms of the said agreement, who were also shareholders of the Company, under the then existing Shareholders Agreement dated 3 August 2017 (as amended pursuant to a supplemental agreement dated 3 April 2020), the Company was obligated for an amount of INR 16,400.00 lakhs. The net amount payable after recovering, in terms of the said agreement, an indemnity of INR 3,000.00 lakhs is INR 13,400.00 lakhs payable after a period of two years i.e. on or after 25 October 2023. The Company has issued RPS carrying maturity amount of INR 13,400.00 lakhs (INR 16,400.00 lakhs offset by INR 3,000.00 lakhs) through agreement dated 28 May 2021. Accordingly, an amount of INR 14,829.35 lakhs (amortised cost of INR 16,400.00 lakhs) has been debited to other equity representing the obligations to the shareholders with a corresponding credit of INR 11,829.14 lakhs and INR 3,000.00 lakhs to non-current borrowings (representing amount payable to the said shareholders under RPS net of indemnity of INR 3,000.00 lakhs) and current financial liability (representing amount payable to the past Client (Refer Note 37), respectively. The current financial liability has been settled by transfer of investments as mentioned in Refer Note 37. The balance of INR 1,570.86 lakhs (INR 13,400.00 lakhs less INR 11,829.14 lakhs) will be charged to standalone statement of profit and loss over the period of borrowing as interest cost under effective interest rate method as prescribed under Ind AS 109 - Financial Instruments. During the year ended 31 March 2022, out of INR 1,570.86 lakhs, INR 420.28 lakhs is expensed in the standalone statement of profit and loss as interest cost.</p>		
21 Non-current provisions		
Provision for employee benefits		
- Gratuity	649.73	613.47
- Compensated absences	156.53	135.80
	806.26	749.27
Refer Note 40(ii) for disclosure related to employee benefits		
22 Short-term borrowings		
Current maturities of long term debt (Refer Note 20)	-	5,200.00
Interest accrued and not due on non-convertible debentures	-	24.42
	-	5,224.42

KFin Technologies Limited (formerly known as 'KFin Technologies Private Limited')
Notes to standalone financial statements (continued)
(All amounts are in INR lakhs, unless otherwise stated)

23 Trade payables

Total dues of micro enterprises and small enterprises*	8.85	30.50
Total dues of creditors other than micro enterprises and small enterprises	2,384.66	2,474.45
	2,393.51	2,504.95

Ageing of trade payables as at 31 March 2022 is as under:

Particulars	Outstanding for following period from the due date of payment				
	Less than 1 year	1 to 2 years	2-3 years	More than 3 years	Total
Micro, Small and Medium Enterprise	8.85	-	-	-	8.85
Others than Micro, Small and Medium Enterprise	2,172.88	209.74	0.32	1.72	2,384.66
Disputed dues - Micro, Small and Medium Enterprise	-	-	-	-	-
Disputed dues - Others than Micro, Small and Medium Enterprise	-	-	-	-	-

Ageing of trade payables as at 31 March 2021 is as under:

Particulars	Outstanding for following period from the due date of payment				
	Less than 1 year	1 to 2 years	2-3 years	More than 3 years	Total
Micro, Small and Medium Enterprise	30.50	-	-	-	30.50
Others than Micro, Small and Medium Enterprise	1,720.75	11.40	742.30	-	2,474.45
Disputed dues - Micro, Small and Medium Enterprise	-	-	-	-	-
Disputed dues - Others than Micro, Small and Medium Enterprise	-	-	-	-	-

* Refer Note 38 for disclosure relating to Micro enterprises and small enterprises

24 Other current financial liabilities

Security deposit payable	31.83	32.87
Employee payables	711.96	381.28
Capital creditors		
Total dues of micro enterprises and small enterprises*	1.78	-
Total dues of creditors other than micro enterprises and small enterprises	97.08	139.87
Stamp duty payable	1,477.82	1,225.60
Other liabilities^	739.40	127.47
	3,059.87	1,907.09

Ageing of capital creditors as at 31 March 2022 is as under:

Particulars	Outstanding for following period from the due date of payment				
	Less than 1 year	1 to 2 years	2-3 years	More than 3 years	Total
Micro, Small and Medium Enterprise	1.78	-	-	-	1.78
Others than Micro, Small and Medium Enterprise	97.08	-	-	-	97.08
Disputed dues - Micro, Small and Medium Enterprise	-	-	-	-	-
Disputed dues - Others than Micro, Small and Medium Enterprise	-	-	-	-	-

Ageing of capital creditors as at 31 March 2021 is as under:

Particulars	Outstanding for following period from the due date of payment				
	Less than 1 year	1 to 2 years	2-3 years	More than 3 years	Total
Micro, Small and Medium Enterprise	-	-	-	-	-
Others than Micro, Small and Medium Enterprise	139.87	-	-	-	139.87
Disputed dues - Micro, Small and Medium Enterprise	-	-	-	-	-
Disputed dues - Others than Micro, Small and Medium Enterprise	-	-	-	-	-

* Refer Note 38 for disclosure relating to Micro enterprises and small enterprises

^ Balance as at 31 March 2022, includes an amount of INR 700.00 lakhs towards claim from a past client. Refer Note 37 for further details.

The Company's exposure to liquidity risks related to above financial liabilities is disclosed in Note 42.

25 Other current liabilities

Contract liabilities (Advance from customers)*	411.67	290.63
Statutory dues payable	1,080.07	723.73
Contract liabilities (Unearned income)*	75.04	125.56
	1,566.78	1,139.92

*Refer Note 48

26 Current provisions

Provision for employee benefits:		
- Gratuity	18.12	17.09
- Compensated absences	299.91	272.45
	318.03	289.54

Refer Note 40 for disclosure related to provisions for employee benefits

27 Current tax liabilities (net)

Provision for tax (Net of advance tax INR 13,935.94 lakhs (31 March 2021: 9,278.38 lakhs))	1,223.41	135.85
	1,223.41	135.85

KFin Technologies Limited (formerly known as 'KFin Technologies Private Limited')

Notes to standalone financial statements (continued)

(All amounts are in INR lakhs, unless otherwise stated)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
28 Revenue from operations*		
Sale of services	60,172.52	45,191.94
Total (A)	60,172.52	45,191.94
Other operating revenues		
Recoverable expenses	2,298.35	1,987.02
Total (B)	2,298.35	1,987.02
Total (A+B)	62,470.87	47,178.96
*Refer Note 48		
29 Other income		
Interest income from:		
- Bank deposits (calculated using effective interest method on financial assets at amortised cost)	2.63	10.05
- Unwinding of discount on deposits	27.88	24.57
- Income-tax refund	-	81.97
Dividend income from:		
- Investment in subsidiary	303.42	-
- Investments in mutual funds	450.69	199.03
Profit on sale of property, plant and equipment (net)	14.12	9.86
Liabilities no longer required written back	56.38	-
Income on derecognition of right-of-use assets and lease liability	6.87	8.84
Rent concession	3.58	118.03
Miscellaneous income	26.05	16.77
	891.62	469.12
30 Employee benefits expense*		
Salaries and wages	19,413.05	16,555.49
Contribution to provident and other funds (Refer Note 40(i))	1,686.65	1,365.94
Share based payment expenses (Refer Note 47)	914.54	121.60
Staff welfare expenses	480.33	315.61
	22,494.57	18,358.64
*The Company has capitalised salary cost of INR 2,520.06 lakhs (31 March 2021: INR 1,416.8 lakhs) to the Other intangible assets/ intangible assets under development.		
31 Finance costs		
Interest cost on financial liabilities measured at amortised cost		
- on debentures	3,710.58	4,831.79
- on redeemable preference shares (Refer Note 20(ii)(b))	420.28	-
Unwinding of interest on lease liabilities (Refer Note 6)	305.08	359.48
Other interest costs (Refer Note 20(i))	847.14	-
	5,283.08	5,191.27
32 Depreciation and amortisation expense		
Depreciation on property, plant and equipment	1,425.79	1,215.56
Amortisation of goodwill (Refer Note 45(B))	-	6,743.61
Amortisation of other intangible assets	1,097.31	775.04
Depreciation of right of use asset (Refer Note 6)	1,093.34	1,057.07
	3,616.44	9,791.28

KFin Technologies Limited (formerly known as 'KFin Technologies Private Limited')
Notes to standalone financial statements (continued)
(All amounts are in INR lakhs, unless otherwise stated)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
33 Other expenses		
Power and fuel	363.17	482.96
Rent	289.42	598.68
Repairs and maintenance - Others	77.64	111.87
Rates and taxes	29.95	22.56
Legal and professional fee*	3,307.76	2,020.22
Consultancy charges	1,766.19	704.04
Office maintenance	316.16	357.00
Security services	132.46	109.47
Computer and software maintenance	407.20	656.79
Corporate social responsibility**	69.18	33.52
Allowance for credit loss on trade receivables and other financial assets	570.81	89.92
Credit impaired trade receivables written-off	237.88	38.44
Deposits written-off	20.45	-
Printing and stationery	2,294.83	2,233.63
Travelling and conveyance	294.22	122.65
Shared services cost	0.20	18.79
Insurance	60.90	34.78
Staff recruitment	95.01	39.19
Sales promotion and advertisement	43.87	36.56
Depository charges	5.34	2.27
Claims^	851.56	7.58
Water charges	13.67	9.00
Fair value gain/ (loss) on financial assets measured at FVTPL	(72.08)	72.08
Bank charges	6.84	4.63
Foreign exchange loss (net)	6.94	47.06
Miscellaneous expenses	15.70	12.32
	11,205.27	7,866.01
^ Expense for the year ended 31 March 2022, includes an amount of INR 700.00 lakhs towards claim from a past client. Refer Note 37.		
* Payment to auditors (included in legal and professional expenses above)		
As auditor		
Statutory audit	30.00	26.00
Limited review	6.00	4.00
Certification	2.00	7.50
Others	150.00	3.00
Out of pocket expenses	-	2.89
	188.00	43.39
**Corporate social responsibility		
As per Section 135 of the Companies Act, 2013, a CSR committee has been formed by the Company. The proposed areas for CSR activities, as per the CSR policy of the Company are promotion of education of underprivileged children which are specified in Schedule VII of the Companies Act,		
a) Gross amount required to be spent by the Company during the year	69.10	33.10
b) Amount spent during the year (in cash) :		
i) Construction/ acquisition of any asset	-	-
ii) On purposes other than (i) above	69.18	33.52
c) (Shortfall)/ excess at the end of the year	Nil	Nil
d) Total of previous years shortfall	Nil	Nil
e) Reason for shortfall	No shortfall	No shortfall
f) Related party transactions.	Nil	Nil
34 Earning per share (EPS)		
Profit/ (loss) attributable to equity shareholders (A)	15,301.52	(6,731.40)
Shares		
Number of shares at the beginning of the year	150,843,583	150,843,583
Add: Equity shares issued during the year	16,725,300	-
Number of shares at the end of the year	167,568,883	150,843,583
Weighted average number of equity shares for Basic EPS (B)	157,350,374	150,843,583
Effect of potential equity shares on employee stock options outstanding	1,357,625	71,069
Weighted average number of equity shares for diluted EPS (C)	158,707,999	150,914,652
Basic EPS - par value of INR 10 per share (A/B) (in INR)	9.72	(4.46)
Diluted EPS - par value of INR 10 per share (A/C) (in INR)	9.64	(4.46)

KFin Technologies Limited (formerly known as 'KFin Technologies Private Limited')
Notes to standalone financial statements (continued)
(All amounts are in INR lakhs, unless otherwise stated)

35 Income tax

A. Amounts recognised in the standalone statement of profit and loss

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Current tax expense		
Current tax	5,745.98	207.00
	5,745.98	207.00
Deferred tax (credit)/ charge		
Change in recognised temporary differences	(284.37)	12,965.28
	(284.37)	12,965.28
Total tax expense	5,461.61	13,172.28

B. Amounts recognised in Other comprehensive income (OCI)

Tax (expense)/income	(25.82)	11.97
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C. Reconciliation of effective tax rate

Profit before tax	20,763.13	6,440.88
Enacted tax rate in India	25.168%	25.168%
Tax using the Company's domestic tax rate	5,225.66	1,621.04
Tax effect of:		
Impact of change in Finance Act, 2021*	-	11,192.85
Impact of differential tax rate on dividend income from subsidiaries	(29.03)	(6.90)
Permanent differences	267.18	377.20
Others	(2.20)	(11.91)
	5,461.61	13,172.28

*During the financial year 2020-2021, the Finance Act, 2021 has introduced an amendment to Section 32 of the Income Tax Act, 1961, whereby goodwill of a business will not be considered as a depreciable asset and depreciation on goodwill will not be allowed as deductible expenditure effective 1 April 2020. In accordance with the requirements of Ind AS 12 Income Taxes, the Company has recognised one time tax expense as the outcome on the difference between Goodwill as per the books of account and its updated tax base of Nil resulting from the aforementioned amendment.

D. Movement in deferred tax balances

Particulars	As at 1 April 2021	Recognised in Statement of profit and loss	Recognised in other comprehensive income	As at 31 March 2022
Property, plant and equipment, Goodwill and other intangible assets	(12,890.59)	11.95	-	(12,878.64)
Provision for expected credit loss on trade receivables and certain other financial assets	377.35	143.66	-	521.01
Provision for employee benefits and certain other liabilities	304.79	73.86	25.82	404.47
Others	(287.36)	54.90	-	(232.46)
Deferred tax liabilities, net	(12,495.81)	284.37	25.82	(12,185.62)

Particulars	As at 1 April 2020	Recognised in Statement of profit and loss	Recognised in other comprehensive income	As at 31 March 2021
Property, plant and equipment, Goodwill and other intangible assets	(3,463.88)	(9,426.71)	-	(12,890.59)
Provision for expected credit loss on trade receivables and certain other financial assets	354.75	22.60	-	377.35
Provision for employee benefits and certain other liabilities	276.65	40.11	(11.97)	304.79
Carry forward losses	3,114.07	(3,114.07)	-	-
Others	199.85	(487.21)	-	(287.36)
Deferred tax assets/ (liabilities), net	481.44	(12,965.28)	(11.97)	(12,495.81)

KFin Technologies Limited (formerly known as 'KFin Technologies Private Limited')
Notes to standalone financial statements (continued)
(All amounts are in INR lakhs, unless otherwise stated)

36 Commitments and contingent liabilities

	As at 31 March 2022	As at 31 March 2021
A. Commitments		
(i) Capital commitments as on balance sheet date	686.81	306.19
B. Contingent liabilities		
	As at 31 March 2022	As at 31 March 2021
(a) Customer claims not acknowledged as debts	980.52	-
(b) Income-tax matters*	2,419.33	98.56
(c) Service tax matters**	-	929.46
(d) Goods and service tax matters	126.35	-

*Amount for the year ended 31 March 2022, primarily includes show cause notice received from the income tax authorities relating to tax treatment of depreciation on goodwill claimed in AY 2020-21 aggregating to INR 14,801.51 lakhs (Tax impact INR 2,320.77 lakhs). The Company has submitted its response to the income tax authorities. The Company has evaluated these notices and has concluded that any consequent income tax claims or demands by the income tax authorities will not succeed.

Further, the Company periodically receives notices and inquiries from income tax authorities related to the Company's operations and returns filed.

**During the financial year 2011-12, the Karvy Computershare Private Limited (hereinafter referred to as the "Transferor Company") had received an order from the Commissioner of the Customs, Central Excise and Service Tax under Section 73(1) of the Finance Act, 1994 demanding service tax of INR 1,146.11 lakhs on reimbursement of expenses and penalty and interest thereon, pertaining to period from 10 September 2004 to 31 January 2007. The Service tax on Registrar to an Issue and Share Transfer Agent services was introduced vide Finance Act 2006 and the notification 15/2006 dated 25 April 2006 with effect from 1 May 2006. The rules for determination of value of taxable service was notified vide Notification No 12/2006 dated 19 April 2006, wherein Rule 5 prescribes for the inclusion of expenditure or cost incurred in the course of providing "taxable service", hence such inclusion was prescribed only for the "taxable service" which in this case, is applicable with effect from 1 May 2006. The Transferor Company, by way of abundant caution, had deposited an amount of INR 216.65 lakhs and interest thereon, pertaining to period from 1 May 2006 to 31 January 2007. The Transferor Company preferred an appeal to the Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Bengaluru and obtained stay order on the above order and the matter is pending disposal. As per the above mentioned notification, the Service Tax on Registrar to an Issue and Share Transfer Agent was made applicable only with effect from 1 May 2006.

This matter was finally heard in October 2021 and an order was passed in favour of the Company with no outflow of resources and therefore the matter stands closed as at 31 March 2022.

(e) The Company is a party to certain pending cases with regulatory authorities relating to the initial public offerings of its customers that have taken place in earlier years. These cases are pending at various levels of legal disposition. In the assessment of the management and as legally advised, these matters are unlikely to have a material impact on the standalone financial statements of the Company.

(f) The Hon'ble Supreme Court of India ("SC") by their order dated 28 February 2019, in the case of Surya Roshani Limited & others v/s EPFO, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. The Company has started complying with this prospectively from the month of March 2019. In respect of the past period there are significant implementation and interpretative challenges that the management is facing and is awaiting for clarity to emerge in this regard, pending which, this matter has been disclosed under the contingent liability section in standalone financial statements. The impact of the same

(g) In September 2018, the Company has received show-cause notice from Pension Fund Regulatory and Development Authority ('PFRDA') letter alleging the Company for undertaking a regulated activity of Point of Presence (POP) – Service establishment and serviced UTI POP without any approval from PFRDA to act in that capacity. The Company has submitted its responses to PFRDA and all hearings have been attended.

During the year, the inquiry proceedings were disposed off without requiring any further action as no contravention as alleged in the show cause notice were found established. The matter is concluded without levy of any penalty.

(h) The Company has received a letter dated 24 August 2021 from PFRDA seeking compensation amounting to INR 263.00 lakhs towards breach of SLA for the delay in dispatch of PRAN kits and Annual Statement of Transactions (SOT) to the subscribers during Covid 19 lockdown. The Company has submitted its response stating the factual position and reasons for the delay and that no loss has been suffered by any subscriber, therefore, there should not be any compensation claim. The matter is under further discussion.

(i) Subsequent the year ended 31 March 2022, the Company, on 5 April 2022, has received a show cause notice from SEBI dated 31 March 2022 seeking explanation as to why an inquiry along with penalty should not be initiated under certain provisions of the regulations in relation to RTA inspection held for the period 1 January 2019 to 31 December 2019. On 10 May 2022, the Company has filed a settlement application with SEBI in accordance with Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018. The final outcome of the matter is not yet concluded and therefore the penalty, if any is not quantifiable. Management believe that the ultimate outcome of these proceedings will not have any material adverse effect on the standalone financial statement of the Company.

KFin Technologies Limited (formerly known as 'KFin Technologies Private Limited')**Notes to standalone financial statements (continued)***(All amounts are in INR lakhs, unless otherwise stated)***36 Commitments, contingent liabilities and contingent assets(continued)**

(j) The Company is party to certain cases relating to customer complaints which are at various levels of resolution and litigations. The management is confident of resolution of these cases in its favour and does not expect any material impact on the standalone financial statements. Further, the Company is proforma party to certain cases relating to succession matters, partition suits, etc. which are at various levels of resolution and litigations. There is no direct involvement of the Company in these matters and accordingly having no material impact on the standalone financial statements.

The Company is contesting the above mentioned demands and the Management believes that its position will likely be upheld in the appellate process and accordingly no expense has been accrued in the Company's standalone financial statements for the demand raised/ show cause notice received as the ultimate outcome of these proceedings will not have a material adverse effect on the standalone financial statements.

- 37 The pre-amalgamated Company (Refer Note 45) was the Registrar and Transfer Agent (RTA) of a past Client ("the Client") until 5 April 2021. The Client had a demat account ("Escrow Account") with one of the Depository Participants ("DP") for depositing its shares in escrow for the purposes of its initial public offering. The Company identified in the financial year 2020-21 that 794,489 shares were transferred by the DP (500,000 shares in 2011 (which translated into 1,000,000 shares pursuant to a bonus issue undertaken by the Client in 2017) and 294,489 shares in 2020) from the Escrow Account to the DP's own demat account and to a third party's demat account through an off-market transaction without any authorisation from the Client and without knowledge of the Company. The Board of Directors of the Company after considering legal advice purchased 1,294,489 shares and transferred these shares to the Escrow Account of the Client on a 'good faith and no fault' basis, after reducing the amount payable upon redemption, in future, of the Redeemable Preference Shares (Refer Note 20) issued in October 2021, by INR 3,000 lakhs (Refer Note 20(ii)(b)). The dividend received on such shares by the Company in the financial year 2021-22 of INR 40.77 lakhs was also transferred back to the Client. Intimation letters were sent to the Client and SEBI on 15 November 2021 informing them of transfer of shares to the Client's Escrow Account and refund of dividend to the Client.

Further, the Board of Directors of the Company after considering legal advice, approved payment of up to INR 700.00 lakhs (based on an estimation of potential losses that may be suffered by the Client) by the Company to the Client, for the purpose of settlement of any potential claims by the Client (including dividends on such shares for earlier periods). The Company will initiate proceedings against the concerned parties, including certain minority shareholders, for recovery of the amount paid and payable by the Company to the Client in connection with this matter upon completion of final settlement with the Client. Considering the assessment of recoverability, the Company has made a provision of INR 700.00 lakhs as on 31 March 2022. Pending the final settlement of terms to be agreed with the Client, the Management has measured the provision at its best estimate.

38 Disclosure as required under the Micro, Small and Medium Enterprises Development Act, 2006 ("the MSMED Act") based on the information available with the Company.

The Management has identified enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under the MSMED Act. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at respective year end has been made in the standalone financial statements based on information received and available with the Company. The Company has not received any claim for interest from any supplier under the said MSMED Act.

Particulars	As at 31 March 2022	As at 31 March 2021
Principal amount remaining unpaid to any supplier as at the end of the year.	10.63	30.50
Interest due thereon remaining outstanding as at the end of the year.	-	-
The amount of interest paid by the buyer as per the MSMED Act.	-	-
The amount of the payments made to micro and small suppliers beyond the appointed date during each accounting year	-	-
The amount of interest due and payable for the period/ year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act.	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting year.	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act.	-	-

Note: The above information has been determined to the extent such parties have been identified on the basis of information available with the Company.

39 Segment information

In accordance with Ind AS 108 - Operating Segments, segment information is disclosed in the Consolidated financial statements of the Company and accordingly no separate segment disclosures have been furnished in these standalone financial statements of the Company.

KFin Technologies Limited (formerly known as 'KFin Technologies Private Limited')**Notes to standalone financial statements (continued)***(All amounts are in INR lakhs, unless otherwise stated)***40 Employee benefits**

The Company contributes to the following post-employment defined benefit contribution in India.

(i) Defined contribution plans:**Employee State Insurance**

The Company makes contribution towards Employee state insurance for its employees. The Company's contribution to the Employees' State Insurance is deposited with the government.

Provident fund:

The Company makes contribution towards provident fund for employees. The Company's contribution to the Employees' Provident Fund is deposited with the Government under the Employees' Provident Fund and Miscellaneous Provisions Act, 1952. The contribution paid under the plan by the Company is at the rate specified under the Employees' Provident Fund and Miscellaneous Provisions Act, 1952.

During the year, the Company has recognised following amounts in the standalone statement of profit and loss (included in Note 30):

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Contribution to provident fund	1,330.45	1,035.28
Contribution to employee state insurance	157.21	155.94

(ii) Defined benefit plan:

The Company makes annual contribution to a gratuity fund administered by trustees and managed by Life Insurance Corporation of India (LIC). Every employee is entitled to a benefit equivalent to fifteen days salary last drawn for each completed year of service in line with the Payment of Gratuity Act 1972. The same is payable at the time of separation from the Company or retirement whichever is earlier.

- A. Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

Particulars	As at 31 March 2022	As at 31 March 2021
Net defined benefit liability	667.85	630.56
- Current (Refer Note 26)	18.12	17.09
- Non Current (Refer Note 21)	649.73	613.47

B. Movement in net defined benefit liability/ (asset)

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

(i) Defined benefit obligation

Particulars	As at 31 March 2022	As at 31 March 2021
Balance as at beginning of the year	1,389.02	1,405.76
Included in standalone statement of profit or loss		
Current service cost	156.23	146.42
Interest cost	84.70	90.17
	240.93	236.59
Included in Other comprehensive income		
Remeasurement loss/ (gain)		
Actuarial loss/ (gain) arising from financial assumptions	102.59	(55.62)
- demographic assumptions	-	-
- experience adjustment	-	-
- others (OB difference)	-	-
on plan assets	-	-
	102.59	(55.62)
Others		
Benefits paid	(260.94)	(197.71)
	(260.94)	(197.71)
Balance as at end of the year	1,471.60	1,389.02

KFin Technologies Limited (formerly known as 'KFin Technologies Private Limited')**Notes to standalone financial statements (continued)***(All amounts are in INR lakhs, unless otherwise stated)***40 Employee benefits (continued)****Fair value of plan assets**

Balance as at beginning of the year

Included in standalone statement of profit or loss

Expected return on plan assets

Investment income

Included in Other comprehensive income

Remeasurement loss/ (gain)

Actuarial loss/ (gain) arising from:

- financial assumptions

- on plan assets

Others

Contributions paid by the employer

Benefits paid

Balance as at end of the year**Net defined benefit liability/ (asset)**

Balance as at beginning of the year

Included in standalone statement of profit or loss

Current service cost

Interest cost

Included in Other comprehensive income

Remeasurement loss/ (gain)

Actuarial loss/ (gain) arising from:

- financial assumptions

- on plan assets

Others

Benefits paid

Balance as at end of the year

	As at 31 March 2022	As at 31 March 2021
Balance as at beginning of the year	(758.46)	(902.34)
Included in standalone statement of profit or loss		
Expected return on plan assets	-	-
Investment income	(27.42)	(61.88)
	(27.42)	(61.88)
Included in Other comprehensive income		
Remeasurement loss/ (gain)	-	-
Actuarial loss/ (gain) arising from:		
- financial assumptions	-	5.60
- on plan assets	(14.51)	2.45
	(14.51)	8.05
Others		
Contributions paid by the employer	(264.30)	-
Benefits paid	260.94	197.71
	(3.36)	197.71
Balance as at end of the year	(803.75)	(758.46)
Net defined benefit liability/ (asset)		
Balance as at beginning of the year	630.56	503.42
Included in standalone statement of profit or loss		
Current service cost	156.23	146.42
Interest cost	57.28	28.29
	213.51	174.71
Included in Other comprehensive income		
Remeasurement loss/ (gain)		
Actuarial loss/ (gain) arising from:		
- financial assumptions	102.59	(50.02)
- on plan assets	(14.51)	2.45
	88.08	(47.57)
Others		
Benefits paid	(264.30)	-
	(264.30)	-
Balance as at end of the year	667.85	630.56

C. Plan assets

Investment with Life Insurance Corporation of India

On an annual basis, an asset-liability matching study is done by the Company whereby the Company contributes the net increase in the actuarial liability to the plan manager (insurer) in order to manage the liability risk.

D. Actuarial assumptions**a) Economic assumptions**

The principal assumptions are the discount rate, expected rate of return on plan assets and salary growth rate. Financial and demographic valuation assumptions are as follows:

	As at 31 March 2022	As at 31 March 2021
Discount rate (p.a.)	7.17%	6.80%
Salary increase (p.a.)	4.00%	4.00%
Withdrawal rates (p.a.)	1.00%	1.00%

KFin Technologies Limited (formerly known as 'KFin Technologies Private Limited')**Notes to standalone financial statements (continued)***(All amounts are in INR lakhs, unless otherwise stated)***40 Employee benefits (continued)****b) Demographic assumptions**

- i) Retirement age (years)
- ii) Mortality table

	As at	As at
	31 March 2022	31 March 2021
i) Retirement age (years)	58 years	58 years
ii) Mortality table	IALM (2006-08)	IALM (2006-08)

E. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	As at	As at
	31 March 2022	31 March 2021
Discount rate (1% movement)		
- Increase	(121.83)	(118.00)
- Decrease	140.31	136.37
Future salary growth (1% movement)		
- Increase	175.37	169.77
- Decrease	(151.35)	(146.04)
Mortality rate (1% movement)		
- Increase	2.86	14.09
- Decrease	(2.87)	(2.62)
Attrition rate (1% movement)		
- Increase	(95.63)	(89.75)
- Decrease	105.48	99.22

F. Expected maturity analysis of the undiscounted gratuity benefit is as follows:

Particulars	As at	As at
	31 March 2022	31 March 2021
Duration of defined benefit payments		
Less than 1 year	78.26	-
Between 2 - 5 years	183.09	249.50
Between 5- 10 years	397.54	368.41
Over 10 years	812.71	771.11
Total	1,471.60	1,389.02

Expected contribution to the post employee benefit plan during the next financial year is expected to be 31 March 2022: INR 165.97 lakhs (31 March 2021: INR 173.92 lakhs).

- G. Discount rate:** The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Salary escalation rate: The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Other long-term employee benefits:

The Company provides compensated absences benefits to the employees of the Company which can be carried forward to future years. Since the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilised wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. During the year ended 31 March 2022, the Company has incurred an expense on compensated absences amounting to INR 175.66 lakhs (31 March 2021: INR 139.49 lakhs). The Company determines the expense for compensated absences basis the actuarial valuation of the present value of the obligation, using the Projected Unit Credit Method.

KFin Technologies Limited (formerly known as 'KFin Technologies Private Limited')

Notes to standalone financial statements (continued)

(All amounts are in INR lakhs, unless otherwise stated)

41 Related parties

A. Names of related party and nature of relationship

i. Ultimate holding company :

GASC MGP, LLC, Delaware (w.e.f 17 November 2018)

ii. Holding Company :

General Atlantic Singapore Fund Pte Ltd

iii. Wholly owned subsidiaries:

- a) KFin Technologies (Bahrain) W.L.L. (formerly known as Karvy Fintech (Bahrain) W.L.L)
- b) KFin Technologies (Malaysia) SDN.BHD (formerly known as Karvy Fintech (Malaysia) SDN.BHD)
- c) KFin Services Private Limited
- d) Hexagram Fintech Private Limited (w.e.f 7 February 2022)

iv. Step down subsidiary

- a) Hexagram Fintech SDN. BHD (w.e.f 7 February 2022)

v. Enterprise where promoters/ promoter group hold control:

- a) Rubicon Research Private Limited
- b) Advagen Inc.
- c) Advagen Pharma Ltd
- d) Rubicon Consumer Healthcare Pvt Ltd
- e) Kia Biopharma Technologies Pvt Ltd
- f) Rubicon Academy LLP
- g) Rubicon Research Canada Ltd
- h) Rubicon Research Pvt Ltd (Singapore)
- i) Advagen Holding INC
- j) Advatech Bio Pharma Ltd
- k) Advagen Realty LLC
- l) General Atlantic Singapore KFT Pte Ltd

vi. Enterprise where promoters/ promoter group hold significant influence:

- a) Ochre & Black Private Limited (w.e.f 31 December 2019)
- b) Krishna Institute of Medical Sciences Limited (w.e.f 31 December 2019 to 28 June 2021)
- c) Ikonkrishi Institute of Medical Sciences Private Limited (w.e.f 31 December 2019 to 28 June 2021)

vii. Key Management personnel (KMP)

- a) V Ganesh , Chief Executive Officer and Managing Director (up to 12 June 2020)
- b) Venkata Satya Sreekanth Nadella, Chief Executive Officer and Whole time Director (w.e.f 12 June 2020)
- c) Kaushik Mazumdar, Independent Director
- d) Sonu Halan Bhasin, Independent Director
- e) Sandeep Achyut Naik, Director
- f) Vishwanathan Mavila Nair, Director
- g) Shantanu Rastogi, Director
- h) Vishesh Tayal, Director (w.e.f 24 March 2020 and upto 26 May 2020)
- i) Prashant Saran, Independent Director (w.e.f. 26 May 2020)
- j) Srinivas Peddada (w.e.f. 02 July 2020)
- k) Jaideep Hansraj (w.e.f. 10 November 2021)

viii. Post-employment benefit plan

- a) KFin Fintech Employees Group Gratuity Assurance scheme

KFin Technologies Limited (formerly known as 'KFin Technologies Private Limited')
Notes to standalone financial statements (continued)
(All amounts are in INR lakhs, unless otherwise stated)

B. Transactions with the related parties

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
i. Holding Company :		
General Atlantic Singapore Fund Pte Ltd		
Reimbursement of IPO related expenses (Refer Note 50)	844.49	-
ii) Wholly owned subsidiaries		
a) KFin Technologies (Malaysia) SDN.BHD		
Fee from investor service	(1,090.38)	(1,094.22)
b) KFin Technologies (Bahrain) W.L.L.		
Dividend income received	(303.42)	-
c) KFin Services Private Limited		
Investment in equity shares	550.00	-
Reimbursement of legal and professional expenses	35.97	54.45
d) Hexagram Fintech Private Limited		
Investment in equity shares [^]	650.00	-
ii) Enterprise where promoters/ promoter group hold significant influence:		
Ochre & Black Private Limited		
Fee from investor services	(0.05)	(0.01)
Krishna Institute of Medical Sciences Limited		
Fee from investor services	-	(0.01)
iii) Key Management Personnel*		
Short-term employee benefits		
- Remuneration paid	312.72	426.25
- Incentives/ Bonus paid	153.50	147.51
- Share-based payment	347.29	115.62

*The managerial personnel are covered by the Company's gratuity policy and are eligible for leave encashment along with other employees of the Company. The proportionate amount of gratuity and leave encashment pertaining to the managerial personnel has not been included in the aforementioned disclosures as these are determined on an actuarial basis for the Company as a whole.

[^] Excludes the initial investment made i.e. purchase consideration paid towards acquisition of Hexagram Fintech Private Limited.

C. Related party balances

Particulars	As at 31 March 2022	As at 31 March 2021
i. Holding Company :		
General Atlantic Singapore Fund Pte Ltd		
Reimbursement of IPO related expenses (Refer Note 50)	844.49	-
ii) Wholly owned subsidiaries		
KFin Technologies (Malaysia) SDN.BHD		
Trade receivables	231.72	83.78
KFin Services Private Limited		
Other receivable	-	54.45

All related party transactions entered during the years were in ordinary course of business and are on arm's length basis.

Terms and conditions:

All transactions with those related parties are priced on an arm's length basis and resulting outstanding receivables and payables including financial assets and financial liabilities balances are settled in cash within a range of 30-120 days of the transaction date. None of the balances are secured.

42 Financial instruments – Fair values and risk management

I. Fair value measurements

A. Financial instruments by category

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include the fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

As at 31 March 2022	Carrying amount		Amortised cost	Total	Fair value			Total
	Fair value through profit and loss	Fair value through other comprehensive income			Level 1	Level 2	Level 3	
Financial assets								
Non-current assets								
Other non-current financial assets	-	-	614.33	614.33	-	-	-	-
Current assets								
Current investments	9,308.31	-	-	9,308.31	9,308.31	-	-	9,308.31
Trade receivables	-	-	10,706.37	10,706.37	-	-	-	-
Cash and cash equivalents	-	-	3,092.24	3,092.24	-	-	-	-
Bank balances other than cash and cash equivalents	-	-	12.30	12.30	-	-	-	-
Loans	-	-	14.07	14.07	-	-	-	-
Other current financial assets	-	-	1,870.84	1,870.84	-	-	-	-
	9,308.31	-	16,310.15	25,618.46	9,308.31	-	-	9,308.31
Financial liabilities								
Non-current Liabilities								
(i) Borrowings	-	-	12,251.42	12,251.42	-	-	-	-
(ii) Lease liabilities	-	-	2,419.36	2,419.36	-	-	-	-
Current Liabilities								
Borrowings	-	-	-	-	-	-	-	-
Lease liabilities	-	-	1,149.42	1,149.42	-	-	-	-
Trade payables	-	-	2,393.51	2,393.51	-	-	-	-
Other current financial liabilities	-	-	3,059.87	3,059.87	-	-	-	-
	-	-	21,273.58	21,273.58	-	-	-	-

As at 31 March 2021	Carrying amount		Amortised Cost	Total	Fair value			Total
	Fair value through profit and loss	Fair value through other comprehensive income			Level 1	Level 2	Level 3	
Financial assets								
Non-current assets								
Other non-current financial assets	-	-	520.19	520.19	-	-	-	-
Current assets								
Current investments	9,490.92	-	-	9,490.92	9,490.92	-	-	9,490.92
Trade receivables	-	-	10,786.96	10,786.96	-	-	-	-
Cash and cash equivalents	-	-	1,471.44	1,471.44	-	-	-	-
Bank balances other than cash and cash equivalents	-	-	54.34	54.34	-	-	-	-
Loans	-	-	26.88	26.88	-	-	-	-
Other current financial assets	-	-	1,226.04	1,226.04	-	-	-	-
	9,490.92	-	14,085.85	23,576.77	9,490.92	-	-	9,490.92
Financial liabilities								
Non-current Liabilities								
(i) Borrowings	-	-	29,388.97	29,388.97	-	-	-	-
(ii) Lease liabilities	-	-	2,603.83	2,603.83	-	-	-	-
Current Liabilities								
Borrowings	-	-	5,224.42	5,224.42	-	-	-	-
Lease liabilities	-	-	981.38	981.38	-	-	-	-
Trade payables	-	-	2,504.95	2,504.95	-	-	-	-
Other financial liabilities	-	-	1,907.09	1,907.09	-	-	-	-
	-	-	42,610.64	42,610.64	-	-	-	-

B. Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are:

- recognised and measured at fair value and
- measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into three levels prescribed under the Indian Accounting Standard 113. An explanation of each level follows underneath the table.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There are no transfers between level 1 and level 2 during the year.

Valuation process

The finance department of the Company performs the valuation of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team reports directly to the Chief Financial Officer. Discussions of valuation processes and results are held between the finance controller and the finance team at least once every quarter.

42 Financial instruments – Fair values and risk management (continued)

C. Fair value of financial assets and liabilities measured at amortised cost

Particulars	As at 31 March 2022		As at 31 March 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets (current and non current)				
Loans	14.07	14.07	26.88	26.88
Other non current financial assets	614.33	614.33	520.19	520.19
Trade receivables	10,706.37	10,706.37	10,786.96	10,786.96
Cash and cash equivalents	3,092.24	3,092.24	1,471.44	1,471.44
Bank balances other than cash and cash equivalent	12.30	12.30	54.34	54.34
Other current financial assets	1,870.84	1,870.84	1,226.04	1,226.04
	16,310.15	16,310.15	14,085.85	14,085.85
Financial liabilities (current and non current)				
Borrowings	12,251.42	12,251.42	34,613.39	34,613.39
Trade payables	2,393.51	2,393.51	2,504.95	2,504.95
Lease liabilities	3,568.78	3,568.78	3,585.21	3,585.21
Other financial liabilities	3,059.87	3,059.87	1,907.09	1,907.09
	21,273.58	21,273.58	42,610.64	42,610.64

The carrying amounts of trade receivables, trade payables, capital creditors, cash and cash equivalents and other payable for capital goods are considered to be the same as their fair values due to their short-term nature

II. Financial risk management

Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has constituted an Audit Committee which is responsible for monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk

i. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations resulting in a financial loss to the Company. Credit risk encompasses both the direct risk of default and the risk of deterioration of credit worthiness as well as concentration risks. Credit risk arises principally from trade receivables, loans, advances, security deposits, cash and cash equivalents and deposits with banks.

a. Loans

It consists of employee payables. The Company does not expect any risk for the said loans as these are given to employees of the organisation.

b. Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Company establishes an allowance for impairment that represents its expected credit losses in respect of trade and other receivables. The management uses a simplified approach for the purpose of computation of expected credit loss for trade receivables. An impairment analysis is performed at each reporting date.

The management has established a credit policy under which each new customer is analysed individually for creditworthiness before the standard payments and delivery terms and conditions are offered. The average credit period provided to customers is around 40 days. The Company review includes external ratings, customer's credit worthiness, if they are available, and in some cases bank references.

The customer base of the Company comprises of various corporate, state governments and mutual fund houses all having sound financial condition. An impairment analysis is performed at each reporting date on invoice wise receivables balances.

Geographical concentration of credit risk: Geographical concentration of trade receivables (gross) is as follows:

Particulars	As at 31 March 2022	As at 31 March 2021
Outside India	695.35	328.27
Within India	12,025.02	11,901.88
Total	12,720.37	12,230.15

Geographical concentration of trade receivables (gross) is based on the location of the customers.

Cash and cash equivalents and deposits with banks

Cash and cash equivalents of the Company are held with banks which have high credit rating. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

Investments in equity instrument of other companies and mutual funds

The credit risk for the investments in equity instrument of other companies and mutual funds is considered as negligible as the counter parties are reputable Companies and mutual fund agencies with high external credit ratings.

Financial assets for which loss allowance is measured using lifetime expected credit losses

Particulars	As at 31 March 2022	As at 31 March 2021
Trade receivables (gross)	12,720.37	12,230.15

The Company has made write-offs of trade receivables as disclosed in Note 33 as it does not expect to receive future cash flows or recoveries from collection of receivables. The Company's management also pursue all legal options for recovery of dues, wherever necessary, based on its internal assessment.

Refer Note 12 for reconciliation of allowance for credit loss on trade receivables.

42 Financial instruments – Fair values and risk management (continued)

ii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the cash flows generated from operations to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, the Company's treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity position comprising cash and cash equivalents on the basis of expected cash flows. This is generally carried out in accordance with practice and limits set by the Company. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans. As at 31 March 2022, the Company has a net current assets of INR 16,142.05 lakhs (31 March 2021: INR 11,619.73 lakhs).

Maturities of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and exclude the impact of netting agreements.

Particulars	Carrying amount as at 31 March 2022	Total	Contractual cash flows			
			Up to 1 year	Between 1 - 2 years	Between 2 - 5 years	More than 5 year
Non-derivative financial liabilities						
Trade payables	2,393.51	2,393.51	2,393.51	-	-	-
Borrowings *	12,251.42	13,400.00	-	13,400.00	-	-
Lease liabilities	3,568.78	4,350.36	1,392.02	668.66	1,441.91	847.77
Other financial liabilities	3,059.87	3,059.87	3,059.87	-	-	-
Total	21,273.58	23,203.74	6,845.40	14,068.66	1,441.91	847.77

* The contractual Cash flows includes interest obligation on borrowings.

Particulars	Carrying amount as at 31 March 2021	Total	Contractual cash flows			
			Up to 1 year	Between 1 - 2 years	Between 2 - 5 years	More than 5 year
Non-derivative financial liabilities						
Trade payables	2,504.95	2,504.95	2,504.95	-	-	-
Borrowings *	34,613.39	44,385.70	9,324.08	11,406.63	23,654.99	-
Lease liabilities	3,585.21	4,447.51	1,177.78	1,528.83	1,294.37	446.53
Other financial liabilities	1,907.09	1,907.09	1,907.09	-	-	-
Total	42,610.64	53,245.25	14,913.90	12,935.46	24,949.36	446.53

* The contractual Cash flows includes interest obligation on borrowings.

iii. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates – will affect the Company's revenue from operations or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

The Company does not have any borrowings with variable rates. Company has all of its borrowings at fixed rate. The Company has issued Non convertible borrowings at fixed interest rate, the same has been repaid during the year.

Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows:

Particulars	As at	
	31 March 2022	31 March 2021
Fixed-rate instruments		
Financial assets	45.20	63.86
Financial liabilities	2.00	34,613.39

Cash flow sensitivity analysis for variable-rate instruments

There are no variable rate borrowings of the company. Hence, change in interest rates would not have an impact on cash flows of the Company.

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

42 Financial instruments – Fair values and risk management (continued)

Currency risk

The Company is exposed to foreign currency risk on certain transactions that are denominated in a currency other than entity's functional currency, hence exposure to exchange rate fluctuations arises.

Exposure to currency risk

The summary quantitative data about the Company's unhedged exposure to significant currency risk in foreign currency and domestic currency as reported to the management of the Company is as follows:

Financial assets	As at 31 March 2022		As at 31 March 2021	
	Amount in FC	Amount in INR	Amount in FC	Amount in INR
Trade receivables:				
USD	5.36	406.97	1.30	95.43
CAD	0.17	10.31	0.22	12.97
AUD	1.02	58.13	2.21	122.91
GBP	0.10	10.40	0.13	13.18
MYR	11.64	209.54	4.74	83.78

Sensitivity analysis

A reasonably possible strengthening (weakening) of the INR against all other currencies at year-end would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss for the year by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Particulars	Profit or loss		Equity (net of tax)	
	Strengthening	Weakening	Strengthening	Weakening
For the year ended 31 March 2022				
USD (1% movement)	(4.07)	4.07	(3.05)	3.05
CAD (5% movement)	(0.52)	0.52	(0.39)	0.39
AUD (1% movement)	(0.58)	0.58	(0.44)	0.44
GBP (10% movement)	(1.04)	1.04	(0.78)	0.78
MYR (10% movement)	(20.95)	20.95	(15.68)	15.68
For the year ended 31 March 2021				
USD (1% movement)	(0.95)	0.95	(0.71)	0.71
CAD (5% movement)	(0.65)	0.65	(0.49)	0.49
AUD (1% movement)	(1.23)	1.23	(0.92)	0.92
GBP (10% movement)	(1.32)	1.32	(0.99)	0.99
MYR (10% movement)	(8.38)	8.38	(6.27)	6.27

43 Capital management

The Company's objectives when managing capital are to

- safeguard their ability to continue as a going concern so that it can continue to provide return for shareholders and benefits for other stakeholders;
- maintain an optimal capital structure to reduce the cost of capital; and
- ensure compliance with regulatory minimum networth required to be maintained in accordance with SEBI guidelines.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents and current equity instrument of other companies and investment in mutual funds) divided by total 'equity' (as shown in the balance sheet, excluding Capital reserve, Capital redemption reserve, Debenture redemption reserve, Share based payment reserve and Statutory reserve). The gearing ratios were as follows:

Particulars	As at 31 March 2022	As at 31 March 2021
Net debt*	-	23,651.03
Total equity	61,869.89	31,816.96
Net debt to equity ratio	0.00%	74.33%

* Net debt is computed as Borrowings less sum of Cash and cash equivalents, Bank balances and Current Investments. As at 31 March 2022, Net debt position is negative and hence represented as Nil.

Debt covenants

Under the terms of the debentures agreement, the Company is required to comply with the following financial covenants:

- DSCR not less than 1.1 times during the tenure of the debentures.
- Maximum Net Debt/ EBITDA not to exceed 3.75 times.

The Company has complied with these covenants upto the date of repayment of debentures.

Further, the SEBI (Registrars to an Issue and Share Transfer Agents), Rules and Regulations, 1993 require the company to maintain a minimum net worth of INR 50 lakhs at all times. Such net worth is computed based on a formula given in the SEBI guidelines as per which Net worth = Share capital + Free reserves and surplus - debit balance in the P&L - Preliminary expenses not written off - Intangible assets - Deferred Tax assets. For computing this net worth, the carrying value of goodwill amounting to INR 51,625.60 lakhs that has arisen on account of the business combinations is not deducted by the management. This is consistent with the methodology followed by the Company in the submissions made earlier to SEBI and is based on legal advice obtained by the Company. Basis such computation, the Company is in compliance with the minimum net worth criteria as per aforementioned SEBI guidelines.

44 Impairment test of goodwill

The Company is carrying goodwill aggregating to INR 51,625.60 lakhs as at 31 March 2022 (31 March 2021 : INR 51,625.60 lakhs) referred to in Note 4 and Note 45. The Company as a whole has been identified as a single CGU. For the year ended 31 March 2022, the goodwill impairment has been assessed at the CGU level. The recoverable amount of the Goodwill has been determined as per value in use method using discounted cash flows.

The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been assigned based on historical data both from external and internal sources.

The projections cover a reasonable period that the Company believes is to be the most appropriate timescale over which to review and consider annual performances before applying a fixed terminal value multiple to the final year cash flows. The growth rates used to estimate future performance are based on the conservative estimates from past performance. The Company performs an annual impairment test of goodwill. During the year, impairment test was performed and there were no trigger for impairment.

The following growth and discount rates have been considered for the purpose of the impairment testing:

Particulars	As at 31 March 2022	As at 31 March 2021
Discount rate	14%	14%
Terminal value rate	5%	5%
Budgeted EBITDA growth rate for various revenue stream	19.31% to 22.27%	26.6% to 35.9%

- The discount rate is a post-tax measure estimated based on the historical industry average weighted-average cost of capital.

- The cash flow projections include specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate has been determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

- Budgeted EBITDA has been estimated taking into account past experience and expected growth in the next five years.

The Company believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash - generating unit.

Also Refer Note 45 in respect of approval received from National Company Law Tribunal (NCLT) towards testing the goodwill for impairment w.e.f. 1 April 2021.

45 Business combination

(A) Amalgamation of the 'RTA undertaking' of KCL into the Company and Amalgamation of KCPL into the Company

The Board of Directors of the Company in their meeting held on 2 August 2017 approved a Composite Scheme of Arrangement and Amalgamation between Karvy Consultants Limited (KCL), Karvy Computershare Private Limited (KCPL), the Company and their respective shareholders under the relevant provisions of the Companies Act, 2013 ('the Scheme'). The Scheme has been approved by the National Company Law Tribunal (NCLT) vide their order dated 23 October 2018 which has been filed with the Registrar of Companies on 17 November 2018. Therefore the Scheme has become effective on 17 November 2018.

As per the Scheme, the 'RTA undertaking' of KCL (as explained below) and KCPL were amalgamated into the Company with effect from 17 November 2018, the details of which are given below:

Amalgamation of the 'RTA undertaking' of KCL into the Company

In the Scheme, the 'RTA undertaking' of KCL is defined as the assets and liabilities relating to the Registrar and Transfer Agent (RTA) business of KCL including the investment held by KCL (50% equity stake) in KCPL. In accordance with the Scheme, this RTA Undertaking of KCL has been amalgamated into the Group with effect from 17 November 2018 in consideration of issue of 110,000,015 equity shares of INR. 10 each of the Company to the shareholders of KCL (as per the share swap ratio approved in the Scheme).

As specified in the Scheme, this amalgamation has accounted for in accordance with the Purchase method of accounting as per Accounting Standard 14 - on 'Accounting for Amalgamations'. Accordingly:

- all assets and liabilities of the RTA Undertaking of KCL including the investment held by KCL in KCPL have been recorded at their existing book values as at November 16, 2018 (as certified by the independent auditors of KCL);
- the consideration, being the face value of the said equity shares issued by the Company to the shareholders of KCL, has been recorded at par value; and
- the difference between a) and b) above amounting to INR. 10,937.50 lakhs has been recorded as Goodwill.

Amalgamation of KCPL into the Company

On 17 November 2018, the Company acquired a 50% stake in KCPL from an existing shareholder. Further, on 17 November 2018, the 'RTA Undertaking' of KCL got amalgamated into the Company, thus vesting the remaining 50% stake of KCPL to the Company. Accordingly, on 17 November 2018, KCPL became a wholly owned subsidiary of the Company. However, the amalgamation of KCPL into the Company also became effective on the same day, and hence, KCPL got merged into KFPL on 17 November 2018.

As specified in the Scheme, the Company has accounted for the amalgamation as follows:

- all assets and liabilities of KCPL have been recorded at their existing book values as at 16 November 2018;
- the difference between the cost of investment in KCPL as appearing in the books of KFPL and the net book value of assets as per a) above amounting to INR. 56,554.05 lakhs has been recorded as Goodwill.

As per the Scheme, the cumulative goodwill arising on the transaction amounting to INR 67,491.54 lakhs is being amortised over a period of 10 years. Goodwill generated on this transaction largely represents the value of the businesses acquired by the Company as reduced by the book values of the assets and liabilities of the acquired businesses.

The accounting treatment as specified in the Scheme relating to amalgamation of the 'RTA Undertaking' of KCL and of KCPL into the Company and the subsequent measurement of Goodwill is in accordance with Accounting Standard 14 on 'Accounting for amalgamations' which is different from the accounting as per Ind AS 103 on 'Business Combinations'. Under Ind AS 103, the Company would have been required to record the entire business combination (the assets, liabilities acquired and consideration paid) at fair value.

The fair values of the above assets and liabilities taken over is not expected to be materially different from their carrying values. The excess of fair value of the equity shares issued as consideration over face value of such shares is INR 70,466.10 lakhs with a consequential impact of Goodwill/ Intangible assets.

- The Board of Directors of the Company at its meeting held on 01 September 2021, have approved the application filed with National Company Law Tribunal (NCLT application) on 28 October 2021 for discontinuing amortisation of goodwill. As per the Scheme approved earlier in October 2018, the goodwill was being amortised over a period of ten years. Pursuant to the approval of the NCLT application via order dated 2 March 2022, the amortisation of goodwill has been discontinued with effect from 1 April 2021. As per Ind AS 36- Impairment of Assets, the Company continues to annually test the impairment on Goodwill. Also, Refer Note 44 for further details of Impairment testing of goodwill.

46 Impact of COVID-19

The Company has taken into account the possible impacts of COVID-19 in preparation of these standalone financial statements, including but not limited to its assessment of, liquidity and going concern assumptions, recoverable values of its financial and non-financial assets. The Company has carried out this assessment based on available internal and external sources of information up to the date of approval of these standalone financial statements and believes that the impact of COVID-19 is not material to these standalone financial statements and expects to recover the carrying amount of its assets. The impact of COVID-19 on the standalone financial statements may differ from that estimated as at the date of approval of these standalone financial statements owing to the nature and duration of COVID-19.

47 Share Based Payments

The shareholders of the Company vide their meeting held on 31 July 2019 have authorised the Board of Directors to introduce, offer and provide share-based incentives to eligible employees of the Company under KFPL Employee Stock Option Plan 2019 ('ESOP Plan 2019'). The maximum number of shares that the Company can issue under the ESOP Plan 2019 were 9,593,839 equity shares. Subsequently, the members have approved renaming the plan as Employee Stock Option Plan 2020 ('ESOP Plan 2020') and cancellation of 2,500,000 options in EGM held on 20 October 2020. The Board and Nomination and Remuneration Committee (NRC) have notified seven schemes under the ESOP Plan 2020 up to 31 March 2022. The revised number of options available under the ESOP plan 2020 pool are 7,093,839 equity shares as at 31 March 2022 (31 March 2021: 7,093,839). The options under these schemes vest to the employees based on various performance and other parameters. As at 31 March 2022, the Company has granted 6,502,763 (net) (31 March 2021: 2,666,728 (net)) options to eligible employees as identified by the NRC. These options vests between a minimum of 1 to 3.65 years from the date of grant.

A Description of share based payment arrangements

Particulars	Scheme A	Scheme B	Scheme C	Scheme D	Scheme E	Scheme F	Scheme G
Date of Grant	8-Aug-19 13-Jan-20 8-Sept-20 29-Dec-20	8-Aug-19 13-Jan-20 8-Sept-20 29-Dec-20 1-Nov-21	8-Aug-19 13-Jan-20 8-Sept-20 29-Dec-20 1-Nov-21	01-Nov-21 24-Mar-22	01-Nov-21 24-Mar-22	1-Nov-21	24-Mar-22
Number of options in pool	7,093,839						
Total number of options granted as at							
As at 31 March 2022	1,002,514	1,392,641	1,223,370	1,903,905	385,170	396,823	198,340
As at 31 March 2021	1,066,691	800,019	800,018	-	-	-	-
Exercise period	7 years from the date of listing of shares on the stock exchange for continuing employee or deceased employee and a period of 3 years from the date of listing of shares on the stock exchange for ex-employees						
Vesting condition	Time based vesting condition	Achievement of performance condition and non-market based condition	Achievement of non-market based condition	Time based vesting condition	Achievement of performance condition and non-market based condition	Achievement of non-market based condition	Achievement of performance condition
Vesting period	15% - end of year 1 15% - end of year 2 35% - end of year 3 35% - end of year 4	50% or 100% on achievement of target specified in the scheme or 100% non-market based condition	100% on achievement of condition specified in the scheme or 100% on non-market based condition	20% - end of year 1 20% - end of year 2 30% - end of year 3 30% - end of year 4	50% or 100% on achievement of target specified in the scheme or 100% non-market based condition	100% on achievement of condition specified in the scheme or 100% on non-market based condition	100% on achievement of condition specified in the scheme
Exercise price	70.36 91.98 110.00	70.36 91.98 110.00 185.00	70.36 91.98 110.00 185.00	185.00	185.00	185.00	185.00

47 Share Based Payments (continued)

B Measurement of fair values

The fair value of the options granted during the period and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment plans measured based on the Black Scholes valuation model are as follows:

Particulars	Scheme A	Scheme B	Scheme C	Scheme D	Scheme E	Scheme F	Scheme G
Date of grant	8-Aug-19 13-Jan-20 8-Sept-20 29-Dec-20	8-Aug-19 13-Jan-20 8-Sept-20 29-Dec-20 1-Nov-21	8-Aug-19 13-Jan-20 8-Sept-20 29-Dec-20 1-Nov-21	01-Nov-21 24-Mar-22	01-Nov-21 24-Mar-22	1-Nov-21	24-Mar-22
Fair Value of option (In INR)	33.57/ 33.52 35.78	33.57/ 33.52 35.78/52.56	33.57/ 33.52 35.78/52.56	52.56/ 51.92	52.56/ 51.92	52.56	51.92
Exercise price	70.36 91.98 110.00	70.36 91.98 110.00 185.00	70.36 91.98 110.00 185.00	185.00	185.00	185.00	185.00
Risk free interest rate	6.47%/ 6.88% 6.40%	6.47%/ 6.88% 6.40%/6.79%	6.47%/ 6.88% 6.40%/6.79%	6.79%/ 7.12%	6.79%/ 7.12%	6.79%	7.12%
Remaining contractual life	7/ 3 years	7/ 3 years	7/ 3 years	7/ 3 years	7/ 3 years	7/ 3 years	3 years
Expected life of share options (years)	8.15/ 7.72 years 7.06 years	8.15/ 7.72 years 7.06 years/4.16 years	8.15/ 7.72 years 7.06 years/4.16 years	4.16 years/ 3.77 years	4.16 years/ 3.77 years	4.16 years	3.77 years
Expected volatility (weighted average volatility %)	14.61%/ 13.96% 16.16%	14.61%/ 13.96% 16.16%/17.62%	14.61%/ 13.96% 16.16%/17.62%	17.62%/ 19.34%	17.62%/ 19.34%	17.62%	19.34%
Expected dividend yields (%)	-	-	-	-	-	-	-

The fair value of the options granted during the period and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment plans measured based on the Black Scholes valuation model are as follows:

> The expected life of the share options is based on current expectations and is not necessarily indicative of exercise patterns that may occur.

> Since there are no listed companies in the Indian market that are absolutely comparable to Parent Company, volatility of returns on the BSE500 index for historical period has been considered. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

> The risk free interest rates are determined based on the zero-coupon sovereign bond yields with maturity equal to the expected term of the option.

The average remaining contractual life for the stock options outstanding is 3.77 years as at 31 March 2022 i.e. 0.27 years post lock in period of 1 year and average life of 3.5 years from the date of listing (31 March 2022/ 31 March 2021: 7.06 years post lock in period of 3.5 years and average life of 3.5 years from the date of listing).

C Reconciliation of share options

Particulars	Number of options as at 31 March 2022	Number of options as at 31 March 2021
Outstanding at beginning of the year	2,666,728	2,735,038
Granted during the year	4,064,126	1,815,586
Forfeited during the year	(228,091)	(1,883,896)
Exercised during the year	(200)	-
Outstanding at end of the year	6,502,563	2,666,728
Exercisable at the end of the year		

During the year ended 31 March 2022, the Company has granted 4,064,126 options (31 March 2021: 1,815,586) under ESOP Plan 2019 to eligible employees as identified by the Nomination and Remuneration Committee (NRC).

D Effect of the Employee option plan on the standalone statement of profit and loss and on its financial position

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Total employee compensation cost pertaining to stock option plan (Refer Note 30)	914.54	121.60
Reserves- Employee stock option plan outstanding as at the year	1,205.10	289.70

48 Revenue from contract with customers

(a) Type of Service	Timing of recognition	For the year ended 31 March 2022	For the year ended 31 March 2021
Fee from registrars and investor services	Over the period	55,583.67	40,722.59
Income from data processing	Over the period	4,224.35	4,201.82
Income from pension fund solutions	Over the period	364.50	267.53
Recoverable expenses	Over the period	2,298.35	1,987.02
Total		62,470.87	47,178.96

(b) Contract balances:

Particulars	As at 31 March 2022	As at 31 March 2021
Trade receivables, net*	10,706.37	10,786.96
Contract liabilities (unearned income and advance from customers)	486.71	416.19

*Trade receivables are non-interest bearing and generally on terms of payment of 40 days

(c) Reconciliation of revenue with contract price

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Contract price	62,470.87	47,178.96
Less: Adjustments for price concessions	(285.43)	-
Revenue from operations	62,185.44	47,178.96

Performance obligation :- The Group enters into contracts with customers for rendering Corporate Registry, Data Processing and Pension Fund Solutions services. The performance obligation for all of these services is satisfied over the period. There is no complexity involved in determination of performance obligation in contract with customers.

Transaction price :- Contract price is determined as per terms agreed with the customer and no further adjustments are made to the same.

Payment terms :- The amounts receivable from customers become due after expiry of credit period which on an average is less than 40 days. The contracts entered with customers do not have significant financing component.

Transaction price allocated to remaining performance obligations :- The company does not have performance obligations that are remaining/unsatisfied at the end of the reporting period. There are no contracts for sale services wherein, performance obligation is unsatisfied to which transaction price has been allocated.

49 In FY 2020-2021, the Company vide letter dated 02 March 2021 has surrendered its license for operating as a Depositor Participant (DP) as it does not plan to launch the DP operations due to change in the business plans/ strategy to Central Depository Services Limited (CSDL) and National Depository Services Limited (NSDL),

50 During the year ended 31 March 2022, the Company has incurred expenses for various services in connection with proposed public offer of equity shares aggregating to INR 844.49 lakhs for Initial Public Offering (IPO). In accordance with the Offer Agreement entered between the Company and the selling shareholders, the selling shareholders shall reimburse such offer related expenses. Accordingly, the Company will recover the expenses incurred in connection with the issue on completion of IPO. The entire amount has been carried forward and disclosed under the head "IPO related expenses" under "other current financial assets". In the event that the Offer is postponed or withdrawn or abandoned for any reason or the Offer is not successful or consummated, all costs and expenses with respect to the Offer shall be borne solely by the Company.

KFin Technologies Limited (formerly known as "KFin Technologies Private Limited")
Notes to standalone financial statements (continued)
(All amounts are in INR lakhs, unless otherwise stated)

51 Ratios as per Schedule III requirements

Particulars	As at 31 March 2022	As at 31 March 2021
i) Current ratio = Current assets divided by current liabilities		
Current assets	25,853.07	23,802.88
Current liabilities	9,711.02	12,183.15
Ratio	2.66	1.95
% change from the previous year	36%	
Reason for change more than 25%:		
The increase is primarily due to decrease in current liabilities on account of repayment of NCDs.		
ii) Debt equity ratio = Total debt divided by Total equity where total debt refers to sum of current & non current borrowings		
Total debt (incl current maturities and interest accrued)	12,251.42	34,613.39
Total equity	64,574.77	34,356.44
Ratio	0.19	1.01
% change from the previous year	-81%	
Reason for change more than 25%:		
Decrease in the ratio is primarily of account of		
a) Total debts has reduced on account of repayment of NCDs on 29 December 2021 which is offset by issuance of RPS		
b) Total equity has increased on account of issuance of equity shares and profits for the year.		
iii) Debt Service Coverage Ratio = Earnings available for debt services divided by Total interest and principal repayments		
Net profit before tax	20,763.13	6,440.88
Add: Non cash operating expenses and finance cost	8,899.52	14,982.55
- Depreciation and amortisation	3,616.44	9,791.28
- Finance costs	5,283.08	5,191.27
Earnings available for debt services	29,662.65	21,423.43
Interest cost on borrowings	4,130.86	4,831.79
Principal repayments	35,200.00	3,200.00
Total Interest and principal repayments	39,330.86	8,031.79
Ratio	0.75	2.67
% change from the previous year	-72%	
Reason for change more than 25%:		
The Company has repaid its entire NCD along with interest thereon and therefore the variance in the ratio is not comparable.		
iv) Return on Equity Ratio / Return on Investment Ratio = Net profit after tax divided by Equity		
Net profit after tax	15,301.52	(6,731.40)
Equity	64,574.77	34,356.44
Ratio	0.24	(0.20)
% change from the previous year	221%	
Reason for change more than 25%:		
Increase in net profit is primarily on account of		
(i) Change in the accounting treatment of goodwill (pursuant to NCLT approval - Refer Note 45(B)), no amortisation of goodwill is carried out for the year ended 31 March 2022.		
(ii) Growth in the operations of the Company due to favorable market conditions resulting in higher revenue growth primarily in mutual fund segment and other operational efficiencies and hence the Company has generated higher net profit during the year ended 31 March 2022.		
(iii) Increase in equity share capital on infusion of equity aggregating to INR 30,999.97 lakhs (equity share capital and security premium thereon) which is offset by issuance of RPS at a premium (Refer Note 18 and 19).		

KFin Technologies Limited (formerly known as "KFin Technologies Private Limited")
Notes to standalone financial statements (continued)
(All amounts are in INR lakhs, unless otherwise stated)

51 Ratios as per Schedule III requirements (continued)

Particulars	As at 31 March 2022	As at 31 March 2021
v) Trade Receivables turnover ratio = Credit Sales divided by Closing trade receivables		
Credit sales	62,470.87	47,178.96
Closing trade receivable	10,706.37	10,786.96
Ratio	5.83	4.37
% change from the previous year	33%	
Reason for change more than 25%:		
The increase is due to favorable market conditions resulting in higher revenue growth primarily in mutual fund segment.		
vi) Net capital turnover ratio = Sales divided by Working capital whereas working capital= current assets - current liabilities		
Net sales	62,470.87	47,178.96
Working capital	16,142.05	11,619.73
Ratio	3.87	4.06
% change from the previous year	-5%	
vii) Net profit ratio = Net profit after tax divided by Sales		
Net profit after tax	15,301.52	(6,731.40)
Net sales	62,470.87	47,178.96
Ratio	0.24	(0.14)
% change from the previous year	272%	
Reason for change more than 25%:		
Increase in net profit is primarily on account of:		
(i) Change in the accounting treatment of goodwill (pursuant to NCLT approval - Refer Note 45(B)), no amortisation of goodwill is carried out for the year ended 31 March 2022.		
(ii) Growth in the operations of the Company due to favorable market conditions resulting in higher revenue growth primarily in mutual fund segment and other operational efficiencies and hence the Company has generated higher net profit during the year ended 31 March 2022.		
(iii) Increase in equity share capital on infusion of equity aggregating to INR 30,999.97 lakhs (equity share capital and security premium thereon) which is offset by issuance of RPS at a premium (Refer Note 18 and 19).		
(iv) Further, during the financial year 2020-2021, the Finance Act, 2021 has introduced an amendment to Section 32 of the Income Tax Act, 1961, whereby goodwill of a business will not be considered as a depreciable asset and depreciation on goodwill will not be allowed as deductible expenditure effective 1 April 2020. In accordance with the requirements of Ind AS 12 Income Taxes, the Company has recognised one time tax expense aggregating to INR 11,192.85 lakhs as the outcome on the difference between Goodwill as per the books of account and its updated tax base of Nil resulting from the aforementioned amendment.		
viii) Return on Capital employed (pre cash)=Earnings before interest and taxes(EBIT) divided by Capital Employed(pre cash)		
Profit before tax (A)	20,763.13	6,440.88
Finance costs (B)	5,283.08	5,191.27
Other income (C)	891.62	469.12
EBIT D=(A)+(B)-(C)	25,154.59	11,163.03
Capital employed J = (E)-(F)-(G)-(H)-(I)	79,824.58	68,577.62
Total Assets (E)	101,948.45	91,777.47
Current liabilities (F)	9,711.02	12,183.15
Current investments (G)	9,308.31	9,490.92
Cash and cash equivalents (H)	3,092.24	1,471.44
Bank balances other than cash and cash equivalents (I)	12.30	54.34
Ratio (D/J)	0.32	0.16
% change from the previous year	94%	

Reason for change more than 25%:

Increase in net profit is primarily on account of

(i) Change in the accounting treatment of goodwill (pursuant to NCLT approval - Refer Note 45(B)), no amortisation of goodwill is carried out for the year ended 31 March 2022.

(ii) Growth in the operations of the Company due to favorable market conditions resulting in higher revenue growth primarily in mutual fund segment and other operational efficiencies and hence the Company has generated higher net profit during the year ended 31 March 2022.

(iii) Increase in equity share capital on infusion of equity aggregating to INR 30,999.97 lakhs (equity share capital and security premium thereon) which is offset by issuance of RPS at a premium (Refer Note 18 and 19)

The Company is into the business of rendering services and therefore Inventory turnover ratio and Trade payable turnover ratio is not applicable and accordingly not presented.

KFin Technologies Limited (formerly known as "KFin Technologies Private Limited")

Notes to standalone financial statements (continued)

(All amounts are in INR lakhs, unless otherwise stated)

52 The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The effective date from which the changes are applicable is yet to be notified and the rules for quantifying the financial impact are yet to be framed. In view of this, impact if any, of the change will be assessed and accounted in the period of notification of the relevant provisions.

53 The Company has not given any loan or guarantee or provided any security as covered under Section 186 of the Companies Act, 2013. Accordingly, the disclosure requirements to that extent does not apply to the Company.

54 No funds have been received by the Company from any other person(s) or entity(ies), including foreign entities, with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever i.e. the Company has not acted as an intermediary for advancing /loaning/ investing funds to/ in an ultimate beneficiary identified by the Funding Party or has not provided any guarantee/ security or the like on behalf of the Funding Party.

However, the Company has infused funds into one of the subsidiary i.e. KFin Services Private Limited ('Subsidiary Company') with the understanding that the Subsidiary Company will make the investment in the Artivatic Data Labs Private Limited and details of the Investments transaction are as follows:

Funding Party	Date of funds received	Amount of funds received	Name of ultimate Beneficiary	Date of investment in Ultimate Beneficiary	Amount of investments in Ultimate Beneficiary
KFin Technologies Limited	6-Apr-21	450.00	Artivatic Data Labs Private Limited	8-Apr-21	50.00
KFin Technologies Limited	27-Nov-21	100.00	Artivatic Data Labs Private Limited	30-Apr-21	350.00
			Artivatic Data Labs Private Limited	23-Dec-21	40.02
Total		550.00			440.02

55 On 23 March 2021, the Subsidiary Company entered into an agreement to invest in Artivatic Data Labs Private Limited by subscribing to 3,511 number of equity shares of INR 1 each fully paid-up and 31,599 Compulsory Convertible Preference Shares having a face value of INR 1 for a total consideration of INR 750.00 lakhs, collectively comprising of 17% holding of Artivatic Data Labs Private Limited.

During the current year, the Subsidiary Company made an investment of INR 440.02 lakhs (towards purchase of equity and preference shares of Artivatic Data Labs Private Limited) and subsequently, these investments were disposed off as well for an amount of INR 440.02 lakhs.

56 As at 31 March 2022 and 31 March 2021, the Group did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.

As per our Report of even date attached

for B S R & Associates LLP

Chartered Accountants

ICAI Firm Registration No.: 116231 W/W-100024

for and on behalf of Board of Directors of

KFin Technologies Limited

CIN: U72400TG2017PLC117649

G Prakash
Partner

Membership No.: 099696

Place: Bengaluru
Date: 06 June 2022

Vishwanathan M Nair
Chairman

DIN: 02284165

Place: Mumbai
Date: 06 June 2022

Steekanth Nadella
Whole time Director &
Chief Executive Officer

DIN: 08659728

Place: Mumbai
Date: 06 June 2022

Vivek Narayan Mathur
Chief Financial Officer

Membership no.: A089454

Place: Mumbai
Date: 06 June 2022

Alpina Uttam Kundu
Company Secretary

Membership no.: F10191

Place: Mumbai
Date: 06 June 2022

B S R & Associates LLP

Chartered Accountants

Salarpuria Knowledge City,
Orwell, B Wing, 6th Floor, Unit-3,
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Independent Auditor's Report

To the Members of KFin Technologies Limited (Formerly known as KFin Technologies Private Limited)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of KFin Technologies Limited (Formerly known as KFin Technologies Private Limited) (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2022, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and in the context of the overriding effect of the provision in the scheme of arrangement as approved by the National Company Law Tribunal ('NCLT'), regarding accounting of the amalgamation of Karvy Computershare Private Limited (KCPL) and the 'RTA Undertaking' of Karvy Consultants Limited (KCL) into the Company, as explained in para A in the Emphasis of Matter section below, give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2022, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of reports of the other auditors referred to in paragraph (a) of the "Other Matters" section below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.



B S R & Associates LLP

KFin Technologies Limited (formerly known as KFin Technologies Private Limited)

Independent Auditor's Report on consolidated financial statements (continued)

Emphasis of matter

- A. We draw attention to Note 44(B) of the consolidated financial statements, regarding the amalgamation of Karvy Computershare Private Limited (KCPL) and the 'RTA Undertaking' of Karvy Consultants Limited (KCL) into the Holding Company accounted for in financial year 2018-2019 with effect from 17 November 2018. In accordance with the scheme approved by National Company Law Tribunal (NCLT) the amalgamation had been accounted for as per Accounting Standard 14 - 'Accounting for Amalgamations'. Accordingly, all assets and liabilities of KCPL and of the RTA Undertaking of KCL had been recorded at their respective existing book values. The difference between the book values of the net assets so recorded and the consideration (being the face value of equity shares issued by the Holding Company to the shareholders of KCL and cost of investment in equity shares of KCPL) amounting to INR 66,940.98 lakhs had been debited to goodwill. This goodwill was being amortised over a period of ten years as per the terms of the scheme and was also being tested for impairment every year. Such accounting treatment of this transaction was different from that prescribed under Ind AS 103 - 'Business Combinations' which became applicable to the Holding Company from the year ended 31 March 2019 and which requires assets, liabilities and consideration to be measured at fair value and goodwill to be tested only for impairment.

During the current year, the Holding Company has obtained approval of NCLT on 02 March 2022 for not amortising goodwill with effect from 01 April 2021.

Our opinion is not modified in respect of this matter.

- B. We draw attention to Note 37 of the consolidated financial statements, where the pre-amalgamated Company was the Registrar and Transfer Agent ("RTA") of a past client ("the Client") until 5 April 2021. The Client had a demat account with one of the Depository Participants ("DP") for depositing its shares in escrow for the purposes of its initial public offering ("IPO"). The Holding Company identified that 1,294,489 shares were transferred by the DP (in 2011 and 2020) from the said escrow account of the Client to the DP's own demat account and to a Third Party's Demat account through an off market transaction without any authorisation from the Client. The Board of Directors of the Holding Company after considering legal advice transferred 1,294,489 shares to the escrow account of the Client on a 'good faith and no fault' basis, after reducing the amount payable upon redemption, in future, of the Redeemable Preference Shares (refer Note 19 to the consolidated financial statements) issued in October 2021, by INR 3,000 lakhs (Refer Note 19(ii)(b) to the consolidated financial statements), pursuant to an indemnity clause contained in the agreement for the issuance of such Redeemable Preference Shares. The dividend received on such shares by the Holding Company in the financial year 2021-22 of INR 40.77 lakhs was also transferred back to the Client.

The Holding Company has recognised an amount of INR 700 lakhs as a provision in the consolidated financial statements related to potential claims by the Client (including dividends on such shares for the earlier periods). Pending the final settlement of terms to be agreed with the Client, the Holding Company has measured the said provision at its best estimate. The Holding Company will initiate proceedings against the concerned parties, including certain minority shareholders, for recovery of the amount paid and payable by the Holding Company to the Client in connection with this matter upon completion of final settlement with the Client.

Our opinion is not modified in respect of this matter.

B S R & Associates LLP

KFin Technologies Limited (formerly known as KFin Technologies Private Limited) Independent Auditor's Report on consolidated financial statements (continued)

Other Information

The Holding Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's Directors' report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



B S R & Associates LLP

KFin Technologies Limited (formerly known as KFin Technologies Private Limited) Independent Auditor's Report on consolidated financial statements (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial statements of such entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in paragraph (a) of the section titled "Other Matters" in this audit report.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



B S R & Associates LLP

KFin Technologies Limited (formerly known as KFin Technologies Private Limited) Independent Auditor's Report on consolidated financial statements (continued)

Other Matters

- (a) We did not audit the financial statements of four subsidiaries, whose financial statements reflect total assets (before consolidation adjustments) of INR 2,477.00 lakhs as at 31 March 2022, total revenues (before consolidation adjustments) of INR 2,568.57 lakhs and net cash inflows (before consolidation adjustments) amounting to INR 30.93 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Certain of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's Management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's Management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the reports of other auditors and the conversion adjustments prepared by the Management of the Holding Company and audited by us.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries as were audited by other auditors, as noted in the "Other Matters" paragraph, we report, to the extent applicable, that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d) In our opinion, the aforesaid consolidated financial statements, read with the matter referred to in para A of Emphasis of Matter section above, comply with the Ind AS specified under Section 133 of the Act.

B S R & Associates LLP

**KFin Technologies Limited (formerly known as KFin Technologies Private Limited)
Independent Auditor's Report on consolidated financial statements (continued)**

Report on Other Legal and Regulatory Requirements (continued)

- e) On the basis of the written representations received from the directors of the Holding Company as on 1 April 2022 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries as noted in the "Other Matters" paragraph:
- a) The consolidated financial statements disclose the impact of pending litigations as at 31 March 2022 on the consolidated financial position of the Group. Refer Note 36(B) to the consolidated financial statements.
 - b) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2022.
 - c) There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies incorporated in India during the year ended 31 March 2022.
 - d) (i) The Management has represented that, to the best of its knowledge and belief, other than as disclosed in Note 54 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or its subsidiary companies incorporated in India to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Holding Company or its subsidiary companies incorporated in India or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
 - (ii) The Management has represented, that, to the best of its knowledge and belief, other than as disclosed in Note 54 to the consolidated financial statements, no funds have been received by the Holding Company or its subsidiary companies incorporated in India from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or its subsidiary companies incorporated in India shall:
 - directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Parties or

B S R & Associates LLP

KFin Technologies Limited (formerly known as KFin Technologies Private Limited)
Independent Auditor's Report on consolidated financial statements (continued)

Report on Other Legal and Regulatory Requirements (continued)

- provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.

(iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (d) (i) and (d) (ii) contain any material mis-statement.

- e) The Holding Company and its subsidiary companies incorporated in India have neither declared nor paid any dividend during the year.

C, With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditor of such subsidiary company incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company and its subsidiary companies to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary companies is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For B S R & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 116231 W/W-100024



G Prakash

Partner

Membership No: 099696

UDIN: 22099696AKIZRR6200

Place: Bengaluru

Date: 06 June 2022

B S R & Associates LLP

**Annexure A to the Independent Auditor's Report on Consolidated Financial Statements
for the year ended 31 March 2022**

With reference to the Annexure A referred to in our Report of even date to the Members of KFin Technologies Limited (Formerly known as KFin Technologies Private Limited) ("the Company") on consolidated financial statements for the year ended 31 March 2022, we report that:

In our opinion and according to the information and explanations given to us, there are no qualifications or adverse remarks by the respective auditors in the Companies (Auditor's Report) Order, 2020 reports of the companies incorporated in India and included in the consolidated financial statements.

For B S R & Associates LLP

Chartered Accountants

ICAI Firm's Registration No: 116231W/W-100024



G Prakash

Partner

Membership No: 099696

ICAI UDIN No.: 22099696AKIZRR6200

Place: Bengaluru

Date: 06 June 2022

B S R & Associates LLP

Annexure B to the Independent Auditor's report on the consolidated financial statements of KFin Technologies Limited (Formerly known as KFin Technologies Private Limited) for the year ended 31 March 2022

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph A(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2022, we have audited the internal financial controls with reference to consolidated financial statements of KFin Technologies Limited (Formerly known as KFin Technologies Private Limited) (hereinafter referred to as "the Holding Company") as of that date.

In our opinion, the Holding Company has, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Holding Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing



B S R & Associates LLP

Annexure B to the Independent Auditor's report on the consolidated financial statements of KFin Technologies Limited (formerly known as KFin Technologies Private Limited) for the year ended 31 March 2022 (continued)

Auditors' Responsibility (continued)

the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.


Inherent Limitations of Internal Financial controls with Reference to consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 116231 W/W-100024



G Prakash

Partner

Membership No: 099696

UDIN: 22099696AKIZRR6200

Place: Bengaluru

Date: 06 June 2022

KFin Technologies Limited (formerly known as 'KFin Technologies Private Limited')
Consolidated Balance Sheet
(All amounts are in INR lakhs, unless otherwise stated)

Particulars	Note	As at 31 March 2022	As at 31 March 2021
I. ASSETS			
(1) Non-current assets			
Property, plant and equipment	3	3,376.18	2,852.51
Capital work-in-progress	3	63.32	-
Right-of-use assets	6	3,373.13	3,368.79
Goodwill	4	54,343.09	52,455.44
Other intangible assets	5	5,761.08	4,280.62
Intangible assets under development	5	3,394.35	251.15
Financial assets			
(i) Other financial assets	7	614.84	520.38
Non-current tax assets (net)	8	3,694.54	3,395.66
Other non-current assets	9	120.42	218.47
Total non-current assets		74,740.95	67,343.02
(2) Current assets			
Financial assets			
(i) Investments	10	9,308.31	9,490.92
(ii) Trade receivables	11	11,259.60	11,059.19
(iii) Cash and cash equivalents	12	4,503.26	2,292.60
(iv) Bank balances other than cash and cash equivalents above	13	15.34	54.34
(v) Loans	14	14.07	26.88
(vi) Other financial assets	15	1,904.83	1,181.35
Other current assets	16	894.59	812.91
Total current assets		27,900.00	24,918.19
TOTAL ASSETS		102,640.95	92,261.21
II. EQUITY AND LIABILITIES			
(I) Equity			
Equity share capital	17	16,756.89	15,084.36
Other equity	18	47,677.35	19,556.04
Total equity		64,434.24	34,640.40
LIABILITIES			
(2) Non-current liabilities			
Financial liabilities			
(i) Borrowings	19	12,251.42	29,388.97
(ii) Lease liabilities	6	2,505.70	2,626.44
Provisions	20	909.97	749.27
Deferred tax liabilities (net)	34	12,377.62	12,495.81
Total non-current liabilities		28,044.71	45,260.49
(3) Current liabilities			
Financial liabilities			
(i) Borrowings	21	-	5,224.42
(ii) Lease liabilities	6	1,209.30	1,012.37
(iii) Trade payables			
- Total dues of micro enterprises and small enterprises	22	18.23	30.50
- Total dues of creditors other than micro enterprises and small enterprises	22	2,534.71	2,495.85
(iv) Other financial liabilities	23	3,106.64	1,975.84
Other current liabilities	24	1,702.12	1,185.73
Provisions	25	350.06	305.80
Current tax liabilities (net)	26	1,240.94	129.81
Total current liabilities		10,162.00	12,360.32
Total liabilities		38,206.71	57,620.81
TOTAL EQUITY AND LIABILITIES		102,640.95	92,261.21

Significant accounting policies

| & 2

The accompanying notes are an integral part of these consolidated financial statements

As per our Report of even date attached

for BSR & Associates LLP
Chartered Accountants

ICAI Firm Registration No.: 116231 W/W-100024

for and on behalf of Board of Directors of
KFin Technologies Limited

CIN: U72400TG2017PLC117649

G Prakash
Partner

Membership No.: 099696

Place: Bengaluru
Date: 06 June 2022

Vishwanathan M Nair
Chairman

DIN: 02284165

Place: Mumbai
Date: 06 June 2022

Sreekanth Nadella
Whole time Director &
Chief Executive Officer

DIN: 08659728

Place: Mumbai
Date: 06 June 2022

Vivek Narayan Mathur
Chief Financial Officer

Membership No.: A089454

Place: Mumbai
Date: 06 June 2022

Alpana Uttam Kundu
Company Secretary

Membership No.: F10191

Place: Mumbai
Date: 06 June 2022

KFin Technologies Limited (formerly known as 'KFin Technologies Private Limited')
Consolidated Statement of Profit and Loss
(All amounts are in INR lakhs, unless otherwise stated)

Particulars	Note	For the year ended 31 March 2022	For the year ended 31 March 2021
Income			
I. Revenue from operations	27	63,950.66	48,114.42
II. Other income	28	605.66	505.34
III. Total Income (I+II)		64,556.32	48,619.76
IV. Expenses			
Employee benefits expense	29	23,248.59	18,860.56
Finance costs	30	5,288.31	5,195.41
Depreciation and amortisation expense	31	3,702.39	9,798.91
Other expenses	32	11,917.00	8,014.30
IV. Total Expenses (IV)		44,156.29	41,869.18
V. Profit before tax (V=III-IV)		20,400.03	6,750.58
VI. Tax expense :-	34		
Current tax	34	5,833.37	237.09
Deferred tax		(288.34)	12,964.35
		5,545.03	13,201.44
VII. Profit/ (Loss) for the year (V-VI)		14,855.00	(6,450.86)
VIII. Other comprehensive income			
A. Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plans		(107.61)	47.57
Income tax on above	34	27.08	(11.97)
B. Items that will be subsequently reclassified to profit or loss			
Exchange differences on translation of foreign operations		25.79	(23.67)
Total other comprehensive (loss)/ income for the year, net of tax (VIII)		(54.74)	11.93
IX. Total comprehensive income/ (loss) for the year (VII+VIII)		14,800.26	(6,438.93)
X. Earnings per equity share (face value of INR 10 each, fully paid-up)	33		
- Basic		9.44	(4.28)
- Diluted		9.36	(4.28)

Significant accounting policies

1 & 2

The accompanying notes are an integral part of these consolidated financial statements

As per our Report of even date attached

for **BSR & Associates LLP**
Chartered Accountants
ICAI Firm Registration No.: 116231 W/W-100024



G. Rakesh
Partner

Membership No.: 099696

Place: Bengaluru
Date: 06 June 2022

for and on behalf of Board of Directors of
KFin Technologies Limited
CIN: U72400TG2017PLC117649



Vishwanathan M. Nair
Chairman

DIN: 02284163

Place: Mumbai
Date: 06 June 2022



Sreekanth Nadella
Whole time Director &
Chief Executive Officer

DIN: 08659728

Place: Mumbai
Date: 06 June 2022



Vivek Narayan Mathur
Chief Financial Officer

Membership No.: A089454

Place: Mumbai
Date: 06 June 2022



Alpana Uttam Kundu
Company Secretary

Membership No.: F10191

Place: Mumbai
Date: 06 June 2022

KFin Technologies Limited (formerly known as 'KFin Technologies Private Limited')
Consolidated Statement of Cash Flows
(All amounts are in INR lakhs, unless otherwise stated)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
A. Cash flows from operating activities		
Net profit before tax	20,400.03	6,750.58
Adjustment for:		
Depreciation and amortisation expense	3,702.39	9,798.91
Profit on sale of property, plant and equipment, net	(14.12)	(9.86)
Interest income on deposits	(9.02)	(19.95)
Interest income on income-tax refund	-	(81.97)
Dividend income from current investments	(450.69)	(199.03)
Unwinding of discount on deposits	(27.88)	(24.57)
Liabilities no longer required written back	(57.82)	-
Income on derecognition of Right-of-use assets and Lease liability	(11.42)	(8.84)
Rent concession income	(8.66)	(118.03)
Foreign exchange loss (net)	9.16	47.09
Interest expenses	5,288.31	5,195.41
Allowance for credit loss on trade receivables and other financial assets	570.81	89.92
Credit impaired trade receivables written-off	237.88	38.44
Deposits written-off	20.45	-
Share based payment	915.47	121.60
Fair value (gain)/ loss on financial assets measured	(72.08)	72.08
Loss on sale of investments	73.43	-
Operating profit before working capital changes	30,566.24	21,651.78
Working capital adjustments:		
Increase in trade receivables	(790.09)	(2,613.69)
Increase in other current financial assets	(719.77)	(179.78)
Decrease in loans	12.81	2.07
Increase in other non- current financial assets	(71.08)	(0.04)
Increase in other assets	31.29	(324.17)
(Decrease)/ Increase in trade payables	(438.16)	421.32
Increase in other current financial liabilities	1,038.23	1,332.38
Increase in other current liabilities	457.46	152.56
Increase in current provisions	82.29	225.63
Cash generated from operations	30,169.22	20,668.06
Income taxes paid, net	(4,967.73)	(286.71)
Net cash generated from operating activities (A)	25,201.49	20,381.35
B. Cash flow from investing activities		
Purchase of property, plant and equipment (including capital work-in-progress, capital advances and creditors)	(2,061.13)	(392.35)
Purchase of intangible assets (including goodwill and intangible assets under development)	(4,761.98)	(2,642.67)
Proceeds from sale of property, plant and equipment	14.90	64.80
Loss on sale of investment in other companies	73.46	-
Fixed deposits redeemed with banks, net	18.66	586.61
Investments in mutual funds (net)	(2,725.46)	(5,228.47)
Acquisition of subsidiary, net of cash acquired	(2,409.32)	-
Investments in equity and preference shares of other companies	(513.45)	(2,980.15)
Proceeds from sale of investments in equity and preference shares	440.02	-
Interest income	9.02	101.92
Dividend income from mutual funds	450.69	199.03
Net cash used in investing activities (B)	(11,464.59)	(10,291.28)
C. Cash flows from financing activities		
Payment of lease liabilities	(1,327.87)	(1,177.77)
Repayment of debentures during the period	(35,200.00)	(3,200.00)
Interest paid on debentures	(3,922.27)	(4,562.18)
Expenses towards issue of shares	(2,092.76)	-
Proceeds from issue of equity shares	1,672.53	-
Securities premium on issue of equity shares	29,327.76	-
Issue of redeemable preference shares repayable at premium	2.00	-
Net cash used in financing activities (C)	(11,540.61)	(8,939.95)
D. Net increase in cash and cash equivalents (A+B+C)	2,196.29	1,150.12
Cash and cash equivalents at the beginning of the year	2,292.60	1,166.15
Foreign exchange effect on cash and cash equivalents	14.37	(23.67)
Cash and cash equivalents at the end of the year	4,503.26	2,292.60
E. Reconciliation of Cash and Cash equivalents with the Consolidated balance sheet (Refer Note 12)		
Cash on hand	1.36	2.06
Balance with banks:		
(i) in current accounts	4,501.90	2,290.54
	4,503.26	2,292.60

KFin Technologies Limited (formerly known as 'KFin Technologies Private Limited')
Consolidated Statement of Cash Flows (continued)
(All amounts are in INR lakhs, unless otherwise stated)

F. Reconciliation of liabilities arising from financing activities

Opening balance		
Non-convertible Debentures (secured)	34,588.97	37,531.17
Interest accrued and not due on non-convertible debentures	24.42	12.60
Lease liabilities	3,638.81	3,780.31
Redeemable preference shares	-	-
Premium on redeemable preference shares	-	-
Cash movement		
Non-convertible Debentures (secured)	(35,200.00)	(3,200.00)
Interest accrued and not due on non-convertible debentures	(3,922.35)	(4,562.17)
Lease liabilities	(1,327.87)	(1,177.77)
Redeemable preference shares	2.00	-
Premium on redeemable preference shares	-	-
Non-cash movement		
Non-convertible Debentures (secured)	611.03	257.80
Interest accrued and not due on non-convertible debentures	3,897.93	4,573.99
Lease liabilities	1,404.06	1,036.27
Redeemable preference shares	-	-
Premium on redeemable preference shares	12,249.42	-
Closing balance		
Non-convertible Debentures (secured)	-	34,588.97
Interest accrued and not due on non-convertible debentures	-	24.42
Lease liabilities	3,715.00	3,638.81
Redeemable preference share	2.00	-
Premium on redeemable preference shares	12,249.42	-

Non-cash movement represents:

- with respect to non-convertible debentures (secured), amortisation of processing fees paid as per effective interest rate. Refer Note 19 for details.
- with respect to interest accrued and not due on non-convertible debentures, amortisation of processing fees paid as per effective interest rate. Refer Note 19 and Note 21.
- with respect to lease liabilities, additions of new leases, rent concession received, deletions of existing leases and accrual of interest on lease liabilities. Refer Note 6(C) for details.
- with respect to redeemable preference shares, premium payable on redemption. Refer Note 19 for details.


Notes:

- 1) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard (IND AS) 7 - "Cash Flow Statements".

Cash comprises cash on hand, Current Accounts and deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

As per our Report of even date attached

for BSR & Associates LLP
Chartered Accountants
ICAI Firm Registration No.: 116231 W/W-100024


G. Prakash
Partner

Membership No.: 099696

Place: Bengaluru
Date: 06 June 2022

for and on behalf of Board of Directors of
KFin Technologies Limited
CIN: U72400TG2017PLC117649


Vishwanathan M. Nair
Chairman
DIN: 02284165

Place: Mumbai
Date: 06 June 2022


Sreekanth Nadella
Whole time Director &
Chief Executive Officer
DIN: 08659728

Place: Mumbai
Date: 06 June 2022


Vivek Narayan Mathur
Chief Financial Officer
Membership No.: A089454

Place: Mumbai
Date: 06 June 2022


Alpana Uttam Kunda
Company Secretary
Membership No.: F10191

Place: Mumbai
Date: 06 June 2022

KFin Technologies Limited (formerly known as 'KFin Technologies Private Limited')
Consolidated Statement of Changes in Equity
(All amounts are in INR lakhs, unless otherwise stated)

Equity share capital and other equity

Particulars	Equity share capital	Other equity								Other comprehensive income	Total other equity
		Securities premium	Statutory Reserve	Capital reserve	Capital redemption reserve	Debt redemption reserve	Retained earnings	General reserve	Share based payment reserve	Foreign currency translation reserve	
Opening Balance as at 1 April 2020	15,084.36	22,824.33	36.80	1.00	1,498.78	750.00	563.49	-	168.10	30.87	25,873.37
Changes in equity share capital due to prior period errors	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	15,084.36	22,824.33	36.80	1.00	1,498.78	750.00	563.49	-	168.10	30.87	25,873.37
Share based payments (Refer Note 46)	-	-	-	-	-	-	-	-	121.60	-	121.60
Loss for the year	-	-	-	-	-	-	(6,450.86)	-	-	-	(6,450.86)
Remeasurement of defined benefit obligation (net of tax)	-	-	-	-	-	-	35.60	-	-	-	35.60
Foreign currency translation reserve	-	-	-	-	-	-	-	-	-	(23.67)	(23.67)
Balance as at 31 March 2021	15,084.36	22,824.33	36.80	1.00	1,498.78	750.00	(5,851.77)	-	289.70	7.20	19,556.04
Opening Balance as at 1 April 2021	15,084.36	22,824.33	36.80	1.00	1,498.78	750.00	(5,851.77)	-	289.70	7.20	19,556.04
Changes in equity share capital due to prior period errors	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	15,084.36	22,824.33	36.80	1.00	1,498.78	750.00	(5,851.77)	-	289.70	7.20	19,556.04
Profit for the year	-	-	-	-	-	-	14,855.00	-	-	-	14,855.00
Issue of share capital during the year	1,672.53	29,327.69	-	-	-	-	-	-	-	-	29,327.69
Share issue expenses	-	(2,092.76)	-	-	-	-	-	-	-	-	(2,092.76)
Extinguishment of rights under shareholders' agreement (Refer Note 19)	-	-	-	-	-	-	(14,829.35)	-	-	-	(14,829.35)
Transfer to General Reserve on repayment of Non Convertible Debentures	-	-	-	-	-	(750.00)	-	750.00	-	-	-
Share based payments (Refer Note 46)	-	-	-	-	-	-	-	-	915.47	-	915.47
Exercise of stock options	-	0.07	-	-	-	-	-	-	(0.07)	-	-
Remeasurement of defined benefit obligation (net of tax)	-	-	-	-	-	-	(80.53)	-	-	-	(80.53)
Foreign currency translation reserve	-	-	-	-	-	-	-	-	-	25.79	25.79
Balance as at 31 March 2022	16,756.89	50,059.33	36.80	1.00	1,498.78	-	(5,906.65)	750.00	1,205.10	32.99	47,677.35

The accompanying notes are an integral part of these consolidated financial statements

As per our Report of even date attached

for **B S R & Associates LLP**
Chartered Accountants
(ICAI Firm Registration No. 116231/WV-100024)


G Prakash
Partner

Membership No. 099696

Place: Bengaluru
Date: 06 June 2022

for and on behalf of Board of Directors of
KFin Technologies Limited
CIN: U72400TG2017PLC117649


Vishwanathan M Nair
Chairman

DIN: 02284165

Place: Mumbai
Date: 06 June 2022


Sreekanth Nadella
Whole time Director &
Chief Executive Officer
DIN: 08659728

Place: Mumbai
Date: 06 June 2022


Vivek Narayan Mathur
Chief Financial Officer

Membership No. A089434

Place: Mumbai
Date: 06 June 2022


Alpina Uttam Kundu
Company Secretary

Membership No. F10191

Place: Mumbai
Date: 06 June 2022

KFin Technologies Limited (formerly known as KFin Technologies Private Limited)
Consolidated Financial Statement

1. Reporting entity

KFin Technologies Limited ("the Parent Company", "the Holding Company" or "the Company") (formerly known as KFin Technologies Private Limited) was incorporated on 08 June 2017 at Hyderabad, India. The Holding Company's registered office is at Selenium, Tower B, Plot No- 31 & 32, Financial District, Nanakramguda, Serilingampally Hyderabad, Rangareddi Telangana 500032. The Holding Company together with its subsidiaries as set out below are collectively referred to as "the Group". The Group is engaged in providing service of Registrar to the Public Issue of Securities, Registrar to the Securities Transfers, and back office operations to mutual fund houses and data processing activities.

The Company was converted into a public limited company under the Companies Act, 2013 on 24 February 2022 and consequently, the name was changed to "KFin Technologies Limited"

2. Significant Accounting Policies

A. Basis of preparation and measurement of Consolidated Financial Statement

The Consolidated Balance Sheet of the Group as at 31 March 2022, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity, and the Consolidated Statement of Cash Flows for the year ended 31 March 2022 and the Significant accounting policies and Other Financial Information (together referred to as 'Consolidated Financial Statement') have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standard) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rule, 2016 and other relevant provisions of the Act.

The Consolidated Financial Statement are prepared by adopting uniform accounting policies between the group companies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's standalone financial statements.

The Consolidated Financial Statement have been prepared on a going concern basis. The accounting policies are applied consistently to all the periods presented in the Consolidated Financial Statement.

The Consolidated Financial Statement has been compiled by the Group from:

- Audited Consolidated financial statements of the Group as at and for the year ended 31 March 2022 prepared in accordance with the Indian Accounting Standard as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended and other accounting principles generally accepted in India;
- there were no changes in accounting policies during the year of these Consolidated financial statements
- there were no material amounts which have been adjusted for in arriving at profit of the year; and

The Consolidated Financial Statement have been prepared under the historical cost convention on accrual basis except for the following items:

- Defined benefit liability/(assets): fair value of plan assets less present value of defined benefit obligation
- Certain financial assets and liabilities that are measured at fair value or amortised value

KFin Technologies Limited (formerly known as KFin Technologies Private Limited)
Consolidated Financial Statement

2. Significant Accounting Policies (continued)

A. Basis of preparation and measurement of Consolidated Financial Statement (continued)

Subsidiaries considered in the Consolidated Financial Statement:

Entity	Country of incorporation	As at 31 March 2022
KFin Technologies (Bahrain) W.L.L. (formerly known as Karvy Fintech (Bahrain) W.L.L)	Bahrain	100%
KFin Technologies (Malaysia) SDN.BHD (formerly known as Karvy Fintech (Malaysia) SDN.BHD)	Malaysia	100%
KFin Services Private Limited (w.e.f 6 January 2020)	India	100%
Hexagram Fintech Private Limited (w.e.f 7 February 2022)	India	100%
Hexagram Fintech SDN BHD (Formerly known as Hexagoan Global IT Solution SDN BHD) (w.e.f 7 February 2022) – fully owned subsidiary of Hexagram Fintech Private Limited	Malaysia	100%

This Consolidated Financial Statement was authorised for issue by the Board of Directors on 6 June 2022.

Functional and presentation currency

These Consolidated Financial Statement are presented in Indian Rupees ('INR'), which is the Holding Company's functional currency. All amounts have been rounded to the nearest lakhs, unless otherwise stated.

Fair value measurement

Fair value is the price that would be received from sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either –

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to/ by the Group.

All assets and liabilities for which fair value is measured or disclosed in the Consolidated Financial Statement are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole-

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group's CFO determines the appropriate valuation techniques and inputs for fair value measurements. When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. Any change in the fair value of each asset and liability is also compared with relevant external sources to determine whether the change is reasonable.

For changes that have occurred between levels in the hierarchy during the year the Group re-assesses categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each year.

KFin Technologies Limited (formerly known as KFin Technologies Private Limited)
Consolidated Financial Statement

2. Significant Accounting Policies (continued)

A. Basis of preparation and measurement of Consolidated Financial Statement (continued)

Use of judgments and estimates

In preparing these Consolidated Financial Statement, management has made judgments, estimates and assumptions that affect the application of the group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Management believes that the estimates used in the preparation of the Consolidated Financial Statement are prudent and reasonable. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Changes in estimates are reflected in the financial estimates in the year in which changes are made and if material, their effects are disclosed in the notes to the Consolidated Financial Statement.

a) Judgements

Information about the judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the Consolidated Financial Statement have been given below:

- Note S - Classification of financial assets: assessment of business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.
- Note D - Lease Classification and identification of lease component

b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the Consolidated Financial Statement for every year ended is included below:

• *Employee benefit plans*

The cost of defined benefit plans and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. However, any changes in these assumptions may have impact on the reported amount of obligation and expenses. (Refer note L).

• *Taxes*

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. The Group establishes provisions, based on reasonable estimates, for possible consequences of assessment by the tax authorities of the jurisdiction in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax assessment and differing interpretations of tax laws by the taxable entity and the responsible tax authority. The Group assesses the probability for litigation and subsequent cash outflow with respect to taxes.

Deferred income tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. (Refer note T)



KFin Technologies Limited (formerly known as KFin Technologies Private Limited)
Consolidated Financial Statement

2. Significant Accounting Policies (continued)

A. Basis of preparation and measurement of Consolidated Financial Statement (continued)

Use of judgments and estimates (continued)

- *Useful life and residual value of property, plant and equipment and intangible assets*
The charge in respect of periodic depreciation is derived after estimating the asset's expected useful life and the expected residual value at the end of its life. The depreciation method, useful lives and residual values of Group's assets are estimated by Management at the time the asset is acquired and reviewed during each financial year. (Refer note E, F, G and H)
- *Impairment of financial assets*
Analysis of historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required. (Refer note S)
- *Provisions and contingencies*
Assessments undertaken in recognizing the provisions and contingencies have been made as per the best judgment of the management based on the current available information. (Refer note R).
- *Fair value measurement of financial instruments*
When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgments is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. (Refer note S).
- *Impairment of non-financial assets: Key assumptions for discount rate, growth rate, etc.*
The determination of recoverable amounts of the CGUs assessed in the annual impairment test requires the Group to estimate their fair value net of disposal costs as well as their value-in-use. The assessment of value-in-use requires assumptions to be made with respect to the operating cash flows of the CGUs as well as the discount rates. (Refer note J)

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights;
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.



KFin Technologies Limited (formerly known as KFin Technologies Private Limited)
Consolidated Financial Statement

2. Significant Accounting Policies (continued)

B) Principles of Consolidation

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of an entity begins when the Group obtains control over that entity and ceases when the Group loses control over the entity. Assets, liabilities, income and expenses of an entity acquired or disposed of during the year are included in these Consolidated Financial Statement from the date the Group gains control until the date the Group ceases to control the subsidiary. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

The group combines the financial Statement of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Non-controlling interests, if any in the results are shown separately in the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and Balance Sheet, respectively.

The Consolidated Financial Statement are presented, to the extent possible, in the same format as that adopted by the Parent Company for its separate financial statements.

The Consolidated Financial Statement are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the Consolidated Financial Statement for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial information in preparing the Consolidated Financial Statement to ensure conformity with the Group's accounting policies.

For the purpose of Financial Statement, the financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Parent Company, i.e. 31 March.

C) Classification of assets and liabilities as current and non-current

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

Deferred tax assets are classified as non-current assets.

A liability is treated as current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current



KFin Technologies Limited (formerly known as KFin Technologies Private Limited)
Consolidated Financial Statement

2. Significant Accounting Policies (continued)

Operating Cycle

The operating cycle is the time between the acquisition of the assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

D) Leases

i. As a lessee

As a lessee, the Group recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet. The Group decided to apply recognition exemptions to short-term leases.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in Ind AS 116. At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate at lease commencement date. Generally, the Group uses its incremental borrowing rate as the discount rate. The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Lease payments included in the measurement of the lease liability comprise:

- a. Fixed payments including in-substance fixed payments
- b. Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- c. Amounts expected to be payable under a residual value guarantee

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets.

The Group presents right-of-use assets as a separate line in the balance sheet and lease liabilities in 'Financial liabilities' in the Balance sheet.



KFin Technologies Limited (formerly known as KFin Technologies Private Limited)
Consolidated Financial Statement

2. Significant Accounting Policies (continued)

D) Leases (continued)

ii. As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

E) Property, plant and equipment

Recognition and measurement

Property, plant and equipment

Items of property, plant and equipment are measured at cost of acquisition or construction less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as a separate item (major components) of property, plant and equipment. Any gain or loss on disposal of property, plant and equipment is recognised in Consolidated Statement of Profit and loss.

Capital work-in-progress

Cost of assets not ready for intended use, as on the balance sheet date, is shown as capital work-in-progress. Advances given towards acquisition of property, plant and equipment outstanding at each balance sheet date are disclosed as other non-current assets.

Subsequent Measurement

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.



KFin Technologies Limited (formerly known as KFin Technologies Private Limited)
Consolidated Financial Statement

2. Significant Accounting Policies (continued)

F) Property, plant and equipment (continued)

Depreciation

The Group provides depreciation on Property, Plant and Equipment, other than vehicles and leasehold improvements based on the useful life as determined by the Management. The depreciation is provided under straight-line method.

Leasehold improvements are amortised over the primary period of the lease or the estimated useful life of the assets, whichever is lower.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (up to) the date on which asset is ready for use (disposed of).

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

Asset category	Estimated useful life (years)
Plant and machinery	5-15
Electrical installations	10
Furniture and fixtures	10
Computers	3
Office equipment	5
Vehicles	5

G) Intangible assets

Intangible assets acquired are stated at cost less accumulated amortisation and impairment loss, if any.

Intangible assets are amortised in the Consolidated Statement of Profit and Loss over their estimated useful lives from the date they are available for use based on the expected pattern of economic benefits of the asset. Intangible asset is amortised on straight line basis

Asset category	Estimated useful life (Years)
Computer software	3-10
Customer relationships	5-10
Trademarks	5
Non-compete agreement	5

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure are recognised in the consolidated statement of profit and loss as incurred.

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the statement of profit and loss when the asset is derecognised.

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2. Significant Accounting Policies (continued)

H) Intangible assets under development

Research costs are expensed as incurred. Software product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Company has an intention and ability to complete and use or sell the software and the costs can be measured reliably. The costs which can be capitalized include the cost of software purchased, direct salary and overhead costs that are directly attributable to preparing the asset for its intended use.

I) Goodwill

Goodwill on acquisitions of businesses is reported separately from intangible assets.

- i) As stated in the approved scheme of amalgamation and arrangement approved by National Company Law Tribunal, Hyderabad goodwill is being amortised over period of 10 years (Refer Note 43 and Note 44(B)). Further this Goodwill is also tested for impairment at each reporting period and is carried at cost less accumulated amortization and accumulated impairment losses, if any.

The Group has obtained approval from its Board, shareholders, creditors, National Company Law Tribunal ("NCLT") or any other appropriate authority to modify the accounting treatment for Goodwill mentioned (i) above with effect from 1 April 2021. As per the scheme filed and NCLT order received the treatment of Goodwill with effect from 1 April 2021 shall be done as per applicable accounting standards and / or other applicable accounting policy. Accordingly, as per Ind AS 36 – Impairment of Assets, the Company is required to periodically test the impairment on Goodwill.

- ii) Goodwill generated through Business Transfer Agreement (Refer Note 43 and Note 44(A)) is tested for annual impairment at each reporting period and is carried at cost less accumulated impairment, if any.

J) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication on impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates the cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash generating unit (CGUs).

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

Where it is not possible to estimate the recoverable amount of individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment loss in respect of assets is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years. A reversal of impairment loss is recognised immediately in the Consolidated Statement of Profit and Loss.



KFin Technologies Limited (formerly known as KFin Technologies Private Limited)
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2. Significant Accounting Policies (continued)

K) Foreign currency transactions

Transactions in foreign currencies are recorded by the Group at the exchange rates prevailing at the date when the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currency are translated to the functional currency at the exchange rates prevailing at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the date of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Foreign currency gains and losses are reported on a net basis in the Consolidated Statement of Profit and Loss.

Group Companies

On consolidation, the assets and liabilities of foreign operations are translated into Indian rupees at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the Group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in Consolidated Statement of Profit or Loss.

L) Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

The Holding Group makes specified monthly contribution towards employee provident fund to Government administered provident fund scheme, which is a defined contribution scheme. KFin Technologies (Bahrain) W.L.L. (formerly known as Karvy Fintech (Bahrain) W.L.L) contributes to the pension scheme for Bahraini nationals administered by the General Organisation for Social Insurance in the Kingdom of Bahrain. The Group's contribution is recognised as an expense in the Consolidated Statement of Profit and Loss during the period in which the employee renders the related service.

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.



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2. Significant Accounting Policies (continued)

L) Employee benefits (continued)

Gratuity

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. The contributions made to the fund are recognised as plan assets. The defined benefit obligation as reduced by fair value of plan assets is recognised in the Consolidated Balance Sheet. Re-measurements are recognised in the other comprehensive income, net of tax in the year in which they arise.

When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprises actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in the Consolidated Statement of profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The expatriate employees of the Subsidiary are paid leaving indemnity in accordance with the provisions of the Bahrain Labour Law for private sector 2012, based on length of service and final salary. Provision for this, which is unfunded, and which represent a defined benefit plan - Employee contribution has been made by calculating the notional liability had all employees left at the reporting date. The provision is classified as a non-current liability in the statement of financial position.

Other long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date. The cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Consolidated Statement of Profit and Loss in the period in which they occur.



KFin Technologies Limited (formerly known as KFin Technologies Private Limited)
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2. Significant Accounting Policies (continued)

M) Revenue

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind ASs. Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services. The effect on adoption of Ind AS 115 was insignificant.

Revenue from registry and related services and communication services is recognised on the basis of services rendered to customers, in accordance with the terms and conditions of the contracts entered into by the Group with each customer provided, the revenue is reliably determinable, and no significant uncertainty exist regarding the collection.

Income from pension fund solutions represents services which are recognised as per the terms of the contract with customers, when such related services are rendered.

Revenue from data processing services is recognised based on the services rendered, in accordance with the terms of the contract, either on a time cost basis or on the basis of number of enumerations processed.

Recoverable expenses represent expenses incurred to related to service performed and are recognised on the basis of billing to customers, in accordance with the terms and conditions of the agreements entered into by the Group with each customer.

Work-in-progress (unbilled revenue) represents revenue from services rendered, recognised based on services performed in advance of billing based on the terms and conditions mentioned in the agreements with the customers.

N) Other income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition. Interest income is included in other income in the Consolidated Statement of Profits and Losses.

Dividends are recognised in Consolidated Statement of Profit or Loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

O) Borrowings and related cost

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.



KFin Technologies Limited (formerly known as KFin Technologies Private Limited)
Consolidated Financial Statement

2. Significant Accounting Policies (continued)

P) Contract balances

Contract assets: The Group classifies its right to consideration in exchange for deliverables as either a receivable or as unbilled revenue. A receivable is a right to consideration that is unconditional upon passage of time. Revenues in excess of billings is recorded as unbilled revenue and is classified as a financial asset where the right to consideration is unconditional upon passage of time.

Contract liabilities: A contract liability (which we referred to as Unearned Revenue) is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is received.

Q) Trade receivables

Trade receivables are amounts due from customers for services rendered in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost, less provision for expected credit loss.

R) Provisions, contingent liabilities and contingent assets

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event and it is probable ("more likely than not") that it is required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, considering the risks and uncertainties surrounding the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the entity. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote.

Contingent assets are not recognised in the Consolidated Financial Statement but disclosed, where an inflow of economic benefit is probable.

A contract is considered as onerous when the expected economic benefits to be derived by the Group from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.



KFin Technologies Limited (formerly known as KFin Technologies Private Limited)
Consolidated Financial Statement

2. Significant Accounting Policies (continued)

S) Financial instruments

Business model assessment

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments also include derivative contracts such as foreign currency forward contracts, embedded derivatives in the host contract, etc.

Financial assets

Initial recognition and measurement

The Group initially recognises trade receivables and debt securities issued on the date on which they are originated. The Group recognises the other financial assets on the trade date, which is the date on which the Group becomes a party to the contractual provision of the instrument.

All financial assets are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset except assets measured at fair value through profit or loss

Classifications and subsequent measurement

Classifications

The Group classifies its financial assets as subsequently measured at either amortised cost or fair value depending on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

Assessment whether contractual cash flows are solely payments of principal and interest

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Debt instrument at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at Fair value through profit and loss (FVTPL):

- a) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate ('EIR') method. Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.



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Consolidated Financial Statement

2. Significant Accounting Policies (continued)

S) Financial instruments (continued)

Financial assets (continued)

Debt instrument at fair value through Other Comprehensive Income (FVOCI)

A financial asset is measured at FVOCI only if both of the following conditions are met:

- a) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- b) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

After initial measurement, such financial assets are subsequently measured at fair value with changes in fair value recognised in other comprehensive income (OCI). Interest income is recognised basis EIR method and the losses arising from ECL impairment are recognised in the Consolidated Statement of Profit or Loss.

Debt instrument at fair value through profit and loss (FVTPL)

Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVOCI, is classified as at FVTPL.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income are recognized in Consolidated Statement of Profit or Loss.

Reclassification of financial assets

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e. removed from the Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group recognises loss allowances for expected credit losses on financial assets measured at amortised cost. At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for security because of financial difficulties.

The Group measures loss allowances at an amount equal to lifetime expected credit losses.



KFin Technologies Limited (formerly known as KFin Technologies Private Limited)
Consolidated Financial Statement

2. Significant Accounting Policies (continued)

S) Financial instruments (continued)

Impairment of financial assets (continued)

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

Presentation of allowance for expected credit losses in the Consolidated Balance Sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.



KFin Technologies Limited (formerly known as KFin Technologies Private Limited)
Consolidated Financial Statement

2. Significant Accounting Policies (continued)

S) Financial instruments (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, amortised cost, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of amortised cost, net of directly attributable transaction costs.

Classification and subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial Liabilities measured at amortised cost

After initial recognition, financial liabilities are measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Consolidated Statement of Profit or Loss.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

Gains or losses on liabilities held for trading are recognised in the Consolidated Statement of Profit or Loss.

Financial liabilities

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains and losses attributable to changes in own credit risk are recognised in OCI. These gains and losses are not subsequently transferred to profit and loss. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Consolidated Statement of Profit or Loss.

Derecognition of financial liabilities

Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. Group also derecognizes a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and a new financial liability with modified terms is recognized in the Consolidated Statement of Profit or Loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously ('the offset criteria').



KFin Technologies Limited (formerly known as KFin Technologies Private Limited)
Consolidated Financial Statement

2. Significant Accounting Policies (continued)

T) Income taxes

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the balance sheet and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in the statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where the group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.



KFin Technologies Limited (formerly known as KFin Technologies Private Limited)
Consolidated Financial Statement

2. Significant Accounting Policies (continued)

U) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Board of directors of the Group have been identified as being the Chief operating decision maker by the management of the Group. Refer Note 35 for segment information presented.

V) Cash and cash equivalents

Cash and cash equivalents are short-term highly liquid investments that are readily convertible into cash with original maturities of three months or less. Cash and cash equivalents consist primarily of cash and deposits with banks and interest accrued on deposits.

W) Cash flow statement

Cash flows are reported using the indirect method, whereby net profit/ (loss) before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Group are segregated.

X) Earnings per share

Basic earnings per share ("EPS") is computed by dividing the net profit after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit after tax for the year and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed to be converted as of the beginning of the year, unless they have been issued at a later date.

Y) Business combinations

Business combinations have been accounted for using the acquisition method under the provisions of Ind AS 103, Business Combinations. The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition, which is the date on which control is transferred to the Group. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition. Transaction cost that the Group incurs in connection with business combination such as finders fees, legal fees, due diligence and other professional fees are charged to equity.

Goodwill is measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

In case of business combinations taking under scheme of amalgamation approved by Courts in India, the accounting treatment as specified in the court order is followed for recording such business combination.



KFin Technologies Limited (formerly known as KFin Technologies Private Limited)
Consolidated Financial Statement

2. Significant Accounting Policies (continued)

Y) Business combinations (continued)

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Z) Employee Stock option plan (ESOP)

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in 'Share based payment' reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

AA) Non-current Assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and sale is considered highly probable. A sale is considered as highly probable when decision has been made to sell, assets are available for immediate sale in its present condition, assets are being actively marketed and sale has been agreed or is expected to be concluded within 12 months of the date of classification. Non-current assets held for sale are neither depreciated nor amortised. Assets and liabilities classified as held for sale are measured at the lower of their carrying amount and fair value less cost of sale and are presented separately in the Consolidated Balance Sheet.

AB) Recent accounting developments and accounting pronouncements

MCA vide notifications dated 24 March, 2021 has amended Schedule III to the Companies Act, 2013 in respect of certain disclosures required to be made by the Group in its financial statements. These amendments are applicable to the Group from the financial year starting 01 April 2021. The Group has incorporated the changes as per the said amendment in the financial statements and has also changed the comparative numbers wherever applicable.

Previous year figures have been re-grouped/re-classified to conform to below requirements of the amended Schedule III to the Companies Act, 2013, effective from 01 April 2021 :

- (a) Interest accrued but not due on borrowings and current maturities of long term debt is re-grouped to Current borrowings (Note 21) which were earlier grouped under Other financial liabilities (Note 23)
- (b) Rental deposits is re-grouped under Other financial assets (Note 15) which were earlier grouped under Loans (Note 14)



KFin Technologies Limited (formerly known as KFin Technologies Private Limited)
Consolidated Financial Statement

2. Significant Accounting Policies (continued)

AB) Recent accounting developments and accounting pronouncements (continued)

MCA issued notifications dated 24 March 2021 to amend Schedule III to the Companies Act, 2013 to enhance the disclosures required to be made by the Company in its financial statement. These amendments are applicable to the Company for the financial year starting 1 April 2021 and have been considered for preparation and presentation of these Standalone Financial Information.

On 23 March 2022, the Ministry of Corporate Affairs (MCA) amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from 1 April 2022 as below:

Ind AS 103 – Reference to Conceptual Framework

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 16 – Proceeds before intended use

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

Ind AS 37 – Onerous Contracts –Costs of Fulfilling a Contract

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 109 – Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the ‘10 percent’ test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 106 – Annual Improvements to Ind AS (2021)

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.



KFin Technologies Limited (formerly known as 'KFin Technologies Private Limited')
Notes to consolidated financial statements (continued)
(All amounts are in INR lakhs, unless otherwise stated)

3 Property, plant and equipment

Particulars	Leasehold improvements	Computers and other related assets	Furniture and fixtures	Office equipment	Plant and Machinery	Vehicles	Total	Capital work-in-progress
Gross carrying amount								
Balance as at 1 April 2020	1,622.61	2,715.22	215.21	388.79	73.03	113.71	5,128.57	-
Additions	156.94	432.10	-	40.16	-	54.89	684.09	-
Disposals	-	-	(1.23)	(3.66)	(1.61)	(90.47)	(96.97)	-
Exchange differences on translation of foreign operations	0.03	0.12	-	(0.19)	-	-	(0.04)	-
Balance as at 31 March 2021	1,779.58	3,147.44	213.98	425.10	71.42	78.13	5,715.65	-
Additions	3.31	1,806.35	1.89	69.13	-	79.46	1,960.14	63.32
Disposals	-	(64.82)	-	(4.28)	-	(3.24)	(72.34)	-
Exchange differences on translation of foreign operations	1.23	-	0.18	3.82	-	-	5.23	-
Balance as at 31 March 2022	1,784.12	4,888.97	216.05	493.77	71.42	154.35	7,608.68	63.32
Accumulated depreciation								
Balance as at 1 April 2020	487.83	923.36	48.69	173.93	10.35	36.96	1,681.12	-
Depreciation for the year	370.35	716.56	34.17	82.72	7.54	12.69	1,224.03	-
Disposals	-	-	(0.53)	(3.00)	(1.29)	(37.21)	(42.03)	-
Exchange differences on translation of foreign operations	0.02	-	-	-	-	-	0.02	-
Balance as at 31 March 2021	858.20	1,639.92	82.33	253.65	16.60	12.44	2,863.14	-
Depreciation for the year	400.65	902.84	34.81	71.68	6.45	19.82	1,436.25	-
Disposals	-	(63.97)	-	(4.35)	-	(3.24)	(71.56)	-
Exchange differences on translation of foreign operations	1.22	-	0.16	3.29	-	-	4.67	-
Balance as at 31 March 2022	1,260.07	2,478.79	117.30	324.27	23.05	29.02	4,232.50	-
Balance as at 31 March 2022	524.05	2,410.18	98.75	169.50	48.37	125.33	3,376.18	63.32
Balance as at 31 March 2021	921.38	1,507.52	131.65	171.45	54.82	65.69	2,852.51	-

Ageing of Capital work in progress:

Particulars	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
Balance as at 31 March 2022					
Projects in progress	63.32	-	-	-	63.32
Projects temporarily suspended	-	-	-	-	-
As at 31 March 2021					
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

Note:

- (a) Refer Note 19 for the details of property, plant and equipment that has been pledged as security against borrowings of the Group
(b) The Group has not carried out any revaluation of its Property, plant and equipment
(c) The Group does not hold any immovable property in its own name

KFin Technologies Limited (formerly known as 'KFin Technologies Private Limited')
Notes to consolidated financial statements (continued)
(All amounts are in INR lakhs, unless otherwise stated)

4 Goodwill

Particulars	On Business Combination	Others*	Total
Gross carrying amount			
Balance as at 1 April 2020	67,076.99	1,258.47	68,335.46
Additions	-	-	-
Deletions	-	-	-
Balance as at 31 March 2021	67,076.99	1,258.47	68,335.46
Additions	1,887.65	-	1,887.65
Deletions	-	-	-
Balance as at 31 March 2022	68,964.64	1,258.47	70,223.11
Accumulated amortisation			
Balance as at 1 April 2020	9,187.87	-	9,187.87
Amortisation for the year	6,692.15	-	6,692.15
Balance as at 31 March 2021	15,880.02	-	15,880.02
Amortisation for the year (Refer Note (iii) below)	-	-	-
Balance as at 31 March 2022	15,880.02	-	15,880.02
Carrying amounts (net)			
Balance as at 31 March 2022	53,084.62	1,258.47	54,343.09
Balance as at 31 March 2021	51,196.97	1,258.47	52,455.44

(i) The Group has not carried out any revaluation of its Goodwill

(ii) Refer Note 43 for the impairment assessment carried out by the Management

(iii) Refer Note 44(B) for details of NCLT order received by the Group in respect of amortisation of goodwill

*Represents carrying value of goodwill appearing in the consolidated financial statements of the transferor company as on the date of amalgamation described in Note 44(B)

5 Other intangible assets

Particulars	Computer Software	Customer relationships	Trademarks	Non-compete agreement	Total	Intangible assets under development*
Gross carrying amount						
Balance as at 1 April 2020	1,238.07	2,189.78	-	-	3,427.85	8.30
Additions	2,162.74	-	-	-	2,162.74	479.93
Disposals^	-	-	-	-	0.00	(237.08)
Exchange differences on translation of foreign operations	0.02	-	-	-	0.02	-
Balance as at 31 March 2021	3,400.83	2,189.78	-	-	5,590.61	251.15
Acquired through business combination (Refer Note 44(A))	126.41	139.05	434.90	393.24	1,093.60	-
Additions	1,510.19	-	-	-	1,510.19	4,065.50
Disposals^	-	-	-	-	-	(922.30)
Exchange differences on translation of foreign operations	0.01	-	-	-	0.01	-
Balance as at 31 March 2022	5,037.44	2,328.83	434.90	393.24	8,194.41	3,394.35
Accumulated amortisation						
Balance as at 1 April 2020	364.19	170.20	-	-	534.39	-
Amortisation for the year	338.11	437.48	-	-	775.59	-
Exchange differences on translation of foreign operations	0.01	-	-	-	0.01	-
Balance as at 31 March 2021	702.31	607.68	-	-	1,309.99	-
Amortisation for the year	660.28	439.49	12.16	11.42	1,123.35	-
Exchange differences on translation of foreign operations	(0.01)	-	-	-	(0.01)	-
Balance as at 31 March 2022	1,362.58	1,047.17	12.16	11.42	2,433.33	-
Carrying amounts (net)						
Balance as at 31 March 2022	3,674.86	1,281.66	422.74	381.82	5,761.08	3,394.35
Balance as at 31 March 2021	2,698.52	1,582.10	-	-	4,280.62	251.15

^ Disposals with respect to Intangible assets under development represents transfer to Computer Software by way of capitalisations

*Intangible assets under development represents internally developed softwares for business purposes

Ageing of Intangible assets under development is as under:

Particular	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
Balance as at 31 March 2022					
Projects in progress	3,163.69	230.66	-	-	3,394.35
Projects temporarily suspended	-	-	-	-	-
Balance as at 31 March 2021					
Projects in progress	251.15	-	-	-	251.15
Projects temporarily suspended	-	-	-	-	-

Notes:

(a) The Group has not carried out any revaluation of its Other intangible assets

(b) There are no projects where completion is overdue or has exceeded its cost compared to its original plan

KFin Technologies Limited (formerly known as 'KFin Technologies Private Limited')
Notes to consolidated financial statements (continued)
(All amounts are in INR lakhs, unless otherwise stated)

6 Right-of-use assets

A Following are the changes in the carrying values of right of use assets:

Particulars	Category of Right-of-Use Assets Premises
Balance as at 01 April 2020	4,497.56
Additions	990.58
Prepayments	23.51
Deletions	(280.84)
Exchange difference on translation of foreign operations	(4.97)
Balance as at 31 March 2021	5,225.84
Additions	1,347.56
Prepayments	-
Deletions	(243.76)
Exchange difference on translation of foreign operations	1.42
Balance as at 31 March 2022	6,331.06
Accumulated depreciation	
Balance as at 1 April 2020	844.50
Depreciation for the year	1,107.14
Exchange difference on translation of foreign operation	(0.82)
Deletions	(93.77)
Balance as at 31 March 2021	1,857.05
Depreciation for the year	1,142.79
Exchange difference on translation of foreign operation	(0.68)
Deletions	(41.23)
Balance as at 31 March 2022	2,957.93
Carrying amounts	
Balance as at 31 March 2022	3,373.13
Balance as at 31 March 2021	3,368.79

The aggregate depreciation expense for the year on right-of-use assets is included under depreciation and amortization expense in the consolidated statement of profit and loss (Refer Note 31)

B The following is the rental expense recorded for short-term leases, variable lease payments and low value leases

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Short-term lease expense	301.03	598.09
Low value lease expense	-	-
Variable lease expense	-	-
Total	301.03	598.09

C Following are the changes in the lease liabilities:

Particulars	As at 31 March 2022	As at 31 March 2021
Opening balance	3,638.81	3,780.31
Additions	1,347.56	990.58
Exchange differences on translation of foreign operations	-	(3.98)
Finance cost accrued during the year	308.92	363.62
Deletions	(243.76)	(195.92)
Payment of lease liabilities	(1,327.87)	(1,177.77)
Rent concession	(8.66)	(118.03)
Closing balance	3,715.00	3,638.81
Current lease liabilities	1,209.30	1,012.37
Non-current lease liabilities	2,505.70	2,626.44

D The following are the amounts recognised in consolidated statement of profit and loss

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Depreciation on Right-of-use assets	1,142.79	1,107.14
Interest expenses	308.92	363.62
	1,451.71	1,470.76

E The following is the cash outflow on leases:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Payment of lease liabilities	1,018.95	814.15
Interest on lease liabilities	308.92	363.62
Total cash outflow on leases	1,327.87	1,177.77

F The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

Particulars	As at 31 March 2022	As at 31 March 2021
Less than 1 year	1,455.49	1,315.58
1 to 5 years	2,219.96	2,556.38
Over 5 years	847.77	548.59

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due

KFin Technologies Limited (formerly known as 'KFin Technologies Private Limited')

Notes to consolidated financial statements (continued)

(All amounts are in INR lakhs, unless otherwise stated)

Particulars	As at 31 March 2022	As at 31 March 2021
7 Other non-current financial assets		
Rental deposits	528.87	457.15
Electricity deposits	52.41	52.66
Telephone deposits	0.66	1.05
Bank deposits (due to mature after 12 months from balance sheet date)*	32.90	9.52
	614.84	520.38
* includes fixed deposits amounting to INR 32.79 lakhs (31 March 2021: INR 9.52 lakhs) which is not freely remissible because of contractual restrictions.		
There are no debts due to Group by Directors either individually, severally or jointly with another person, by firms or private companies in which any director is a partner or director or member.		
The Group's exposure to credit risks are disclosed in Note 41.		
8 Non-current tax assets (net)		
Advance income-tax including tax deducted at source*	3,694.54	3,395.66
	3,694.54	3,395.66
*Net of provision for tax INR 4,643.00 lakhs (31 March 2021: INR 4,643.00 lakhs)		
9 Other non-current assets (Unsecured considered good)		
Capital advances	4.55	3.99
Prepayments	115.87	214.48
	120.42	218.47
10 Current Investments		
Investments in equity instruments of other companies - quoted - at FVTPL		
Nil (31 March 2021: 1,294,489) equity shares of Petronet LNG Limited of INR 10 each, fully paid-up	-	2,908.07
	-	2,908.07
Investments in mutual funds - quoted - at FVTPL		
65,538 (31 March 2021: 63,611) units of DSP Blackrock Liquidity Fund - Regular Plan -Daily Dividend	655.99	636.71
136,979 (31 March 2021: 53,014) units of L&T Liquid Fund - Regular Liquid Daily Dividend Reinvestment Plan	1,389.44	536.38
152,643 (31 March 2021: 114,164) units of TATA Liquid Fund Regular Plan - Daily Dividend	1,528.75	1,143.38
115,048 (31 March 2021: 92,549) units of Kotak Liquid Regular Plan Daily Dividend	1,406.82	1,131.70
122,848 (31 March 2021: 93,156) units of HDFC Liquid Fund-Regular Plan Daily Dividend Reinvestment	1,252.83	950.02
1,472,968 (31 March 2021: 1,027,309) units of ICICI Prudential Liquid Fund - Daily Dividend	1,474.56	1,028.83
148,753 (31 March 2021: 111,271) units of SBI Liquid Fund - Regular Daily Dividend	1,599.92	1,155.83
	9,308.31	6,582.85
	9,308.31	9,490.92
Aggregate amount of quoted current investments and market value thereof	9,308.31	9,490.92
Aggregate amount of impairment in value of investments	-	-
Note: The Parent Company holds certain shares of its customer as a trustee. The Parent Company is in process of transferring those shares to the relevant account based on the instructions to be received from respective customers.		

Particulars	As at 31 March 2022	As at 31 March 2021
11 Trade receivables		
(a) Trade receivables considered good - secured	-	-
(b) Trade receivables considered good - unsecured	13,273.60	12,502.38
(c) Trade receivables which have significant increase in credit risk	-	-
(d) Trade receivables - credit impaired	-	-
Total	13,273.60	12,502.38
Allowance for credit loss	(2,014.00)	(1,443.19)
Total trade receivables	11,259.60	11,059.19

Movements in the allowance for credit loss are as follows:

Opening balance	1,443.19	1,291.32
Balance transferred to trade receivables from retention money	-	118.08
Provision for loss allowance	570.81	33.79
Closing balance	2,014.00	1,443.19

Trade receivables are unsecured and are derived from revenue from operations i.e. fee revenue and recoverable expenses revenue. No interest is charged on the outstanding balance, regardless of the age of the balance. The Group applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss towards expected risk of delays and default in collection. The Group has used a practical expedient by computing the expected credit loss allowance based on a provision matrix. Management makes specific provision in cases where there are known specific risks of customer default in making the repayments. The provision matrix takes into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as per the provision matrix.

Ageing of gross trade receivable as at 31 March 2022 is as under:

Particulars	Unbilled	Not due	Outstanding for following period from the due date of receipt					Total
			Less than 6 Months	6 months - 1 year	1 to 2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables - considered good	789.17	8,377.80	1,744.22	867.75	259.26	217.72	1,017.68	13,273.60
(ii) Undisputed Trade Receivables-which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-	-
(iv) Disputed Trade receivables - considered good	-	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables-which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-	-

Ageing of gross trade receivable as at 31 March 2021 is as under:

Particulars	Unbilled	Not due	Outstanding for following period from the due date of receipt					Total
			Less than 6 Months	6 months - 1 year	1 to 2 years	2-3 years	More than 3 years*	
(i) Undisputed Trade receivables - considered good	799.00	4,934.48	3,237.36	844.79	615.48	2,071.27	-	12,502.38
(ii) Undisputed Trade Receivables-which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-	-
(iv) Disputed Trade receivables - considered good	-	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables-which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-	-

The Group's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in Note 41

*Refer Note 44(B) in respect of amalgamation and accordingly trade receivable ageing has been considered from the date of amalgamation

12 Cash and cash equivalents

Cash on hand	1.36	2.06
Balance with banks:		
(i) in current accounts	4,249.57	2,290.54
(i) in Deposit	252.33	-
	4,503.26	2,292.60

The Group's exposure to credit risk are disclosed in Note 41

KFin Technologies Limited (formerly known as 'KFin Technologies Private Limited')
Notes to consolidated financial statements (continued)
(All amounts are in INR lakhs, unless otherwise stated)

Particulars	As at 31 March 2022	As at 31 March 2021
13 Bank balances other than cash and cash equivalents		
Bank balance in deposit accounts (having original maturity of more than 3 months but less than 12 months from reporting date)*	15.34	54.34
	<u>15.34</u>	<u>54.34</u>
* Includes fixed deposits amounting to INR 12.30 lakhs (31 March 2021: INR 46.13 lakhs) which is not freely remissible because of contractual restrictions. The Group's exposure to credit risks are disclosed in Note 41.		
14 Loans		
Loans to employees	14.07	26.88
	<u>14.07</u>	<u>26.88</u>
Break up of security details		
(a) Loans considered good - Secured	-	-
(b) Loans considered good - Unsecured	14.07	26.88
(c) Loans which have significant increase in Credit Risk	-	-
(d) Loans - credit impaired	-	-
Total current loans	<u>14.07</u>	<u>26.88</u>
The Group's exposure to credit risk are disclosed in Note 41.		
There are no debts due to Group by Directors either individually, severally or jointly with another person, by firms or private companies in which any director is a partner or director or member.		
15 Other current financial assets		
<i>Unsecured, Considered good</i>		
Rental Deposits	66.84	9.32
Stamp duty receivables	946.09	985.18
Other receivables	17.34	145.51
IPO related expenses (Refer Note 49)	847.20	-
Others	27.36	41.34
	<u>1,904.83</u>	<u>1,181.35</u>
<i>Unsecured, Considered doubtful</i>		
Other receivables	56.13	56.13
	<u>56.13</u>	<u>56.13</u>
Less: Allowance for credit loss		
Other receivables	(56.13)	(56.13)
	<u>(56.13)</u>	<u>(56.13)</u>
	<u>1,904.83</u>	<u>1,181.35</u>
Movements in allowance for credit loss of other current financial assets are as follows:		
Opening balance	56.13	-
Allowance for credit loss created during the year	-	56.13
Closing balance	<u>56.13</u>	<u>56.13</u>
The Group's exposure to credit risks are disclosed in Note 41.		
16 Other current assets		
Advances to vendors for supply of goods/ services	239.13	236.96
Balance with government authorities	22.42	8.20
Prepayments	624.59	516.30
Advances to employees	8.45	51.45
	<u>894.59</u>	<u>812.91</u>

KFin Technologies Limited (formerly known as 'KFin Technologies Private Limited')
Notes to consolidated financial statements (continued)
(All amounts are in INR lakhs, unless otherwise stated)
17 Equity share capital

Particulars	As at 31 March 2022	As at 31 March 2021
Authorised share capital		
(a) 175,980,000 (31 March 2021: 176,000,000) equity shares of INR 10 each	17,598.00	17,600.00
(b) 1,000 (31 March 2021: Nil) non-convertible Redeemable Preference Shares (RPS) of INR 200 each	2.00	-
	17,600.00	17,600.00
Issued, subscribed and paid-up		
(a) 167,568,883 (31 March 2021: 150,843,583) equity shares of INR 10 each, fully paid-up	16,756.89	15,084.36
(b) 1,000 (31 March 2021: Nil) RPS of INR 200 each (Refer Note 19(ii))	-	-
	16,756.89	15,084.36

a. Terms and rights attached to equity shares

The Parent Company has a single class of equity shares having a par value of INR. 10 per equity share. Accordingly, all equity shares rank equally with regard to dividends and in the Parent Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. In the event of liquidation of the Parent Company, the holders of equity shares will be entitled to receive the residual assets of the Parent Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held. Each holders of equity shares is entitled to one vote per share.

Up to previous year, one of the shareholders of the Parent Company had been granted a right to additional shares which were exercisable upon meeting various performance and other parameters as defined in the Shareholders Agreement (SHA). During the year ended 31 March 2022, the Parent Company has entered into an amendment agreement to the original SHA dated 3 August 2017 wherein each of the Parties has agreed that, notwithstanding anything contained in the Existing SHA, on and from the Effective Date, the Existing SHA (including any rights, duties and obligations of the Parties under or incidental to the Existing SHA) shall stand unconditionally and irrevocably terminated and shall cease to have any force or effect without any further action being required from any Party. Also Refer Note b below and Note 19.

Employee Stock options:

The Parent Company has granted certain stock options to their employees. For details of shares reserved for issue under the Employee Stock Options Plan, Refer Note 46

b. Reconciliation of number of equity shares of INR. 10 each, fully paid up outstanding at the beginning and at the end of the year:

Particulars	As at 31 March 2022		As at 31 March 2021	
	No of shares	Amount	No of shares	Amount
Opening balance	150,843,583	15,084.36	150,843,583	15,084.36
Shares issued during the year	16,725,100	1,672.51	-	-
Shares issued during the year under Employee Stock Option Plan ('ESOP') (Refer Note 46)	200	0.02	-	-
Shares outstanding at the end of the year	167,568,883	16,756.89	150,843,583	15,084.36

c. Details of shares held by its holding company or its ultimate holding company including shares held by subsidiaries or associates of the holding company or the ultimate holding company in aggregate:

Particulars	As at 31 March 2022		As at 31 March 2021	
	Number of Shares	Percentage	Number of Shares	Percentage
Equity shares of INR 10 each fully paid up, held by:				
General Atlantic Singapore Fund Pte Ltd	125,580,400	74.94%	125,580,400	83.25%
General Atlantic Singapore KFT Pte Ltd	1,608,503	0.96%	-	-
Total	127,188,903	75.90%	125,580,400	83.25%

d. Details of shareholders holding more than 5% shares in the Company:

Particulars	As at 31 March 2022		As at 31 March 2021	
	Number of Shares	Percentage	Number of Shares	Percentage
Equity shares of INR 10 each fully paid up, held by:				
General Atlantic Singapore Fund Pte Ltd	125,580,400	74.94%	125,580,400	83.25%
Compass Estates and Agencies Private Limited	18,414,296	10.99%	18,414,296	12.21%
Kotak Mahindra Bank Limited	16,725,100	9.98%	-	-
Total	160,719,796	95.91%	143,994,696	95.46%

e. Shares held by promoters at the end of the year:

Promoter name	No. of shares	As at 31 March 2022		No. of shares	As at 31 March 2021	
		Percentage of total shares	% of change during the year		Percentage of total shares	% of change during the year
Equity shares of INR 10 each fully paid up, held by:						
General Atlantic Singapore Fund Pte Ltd and its associates	127,188,903	75.90%	-8.83%	125,580,400	83.25%	-
Total	127,188,903	75.90%		125,580,400	83.25%	

f. During the period of five years immediately preceding the respective balance sheet date, no shares were allotted as fully paid up pursuant to a contract without payment being received in cash other than 110,000,015 equity shares of INR 10 each.

g. The Company has not allotted any shares as fully paid by way of bonus shares during the five year period immediately preceding the respective balance sheet date.

h. During the period of previous five years immediately preceding the respective balance sheet date, the Company has bought back 14,987,846 equity shares under Buy-back Plan 2019.

i. Enforcement Directorate (ED) vide its order dated 24 September 2021, has instructed the Parent Company not to facilitate the alienation/ sale/ creation of any lien or liability in respect of equity shares held by certain shareholders. On 11 March 2022, the Parent Company has received Provisional Attachment Order No. 06/2022 dated 8 March 2022 issued by the Deputy Director, Directorate of Enforcement, Hyderabad Zonal Office, whereby the ED has provisionally attached the equity shares held by those shareholders.

KFin Technologies Limited (formerly known as 'KFin Technologies Private Limited')
Notes to consolidated financial statements (continued)
(All amounts are in INR lakhs, unless otherwise stated)

Particulars	Note	As at	As at
		31 March 2022	31 March 2021
18 Other equity			
Capital reserve	a		
Balance at the beginning of the year		1.00	1.00
Addition during the year		-	-
Balance at the end of the year		1.00	1.00
Securities premium	b		
Balance at the beginning of the year		22,824.33	22,824.33
Add: Premium received upon issue of equity share capital		29,327.69	-
Less: Expenses incurred on issue of shares		(2,092.76)	-
Add: Transfer from securities premium on exercise of stock options		0.07	-
Balance at the end of the year		50,059.33	22,824.33
Debenture redemption reserve (DRR)	c		
Balance at the beginning of the year		750.00	750.00
Less : Transfer to General reserve (Refer Note 19(i))		(750.00)	-
Balance at the end of the year		-	750.00
Retained earnings	d		
Balance at the beginning of the year		(5,851.77)	563.49
Add: Profit/ (loss) for the year		14,855.00	(6,450.86)
Add/ (less): Premium payable on RPS recognised as financial liability (Refer Note 19)		(14,829.35)	-
Add/ (less): Remeasurement of defined benefit obligation for the year		(80.53)	35.60
Balance at the end of the year		(5,906.65)	(5,851.77)
Statutory reserve	e		
Balance at the beginning of the year		36.80	36.80
Movement during the year		-	-
Balance at the end of the year		36.80	36.80
Foreign Currency Translation reserve	f		
Balance at the beginning of the year		7.20	30.87
Movement during the year		25.79	(23.67)
Balance at the end of the year		32.99	7.20
Share based payment reserve	g		
Balance at the beginning of the year		289.70	168.10
Add: Charge for the year		915.47	121.60
Less: Transferred to securities premium on exercise of stock options		(0.07)	-
Balance at the end of the year		1,205.10	289.70
Capital redemption reserve	h		
Balance at the beginning of the year		1,498.78	1,498.78
Movement during the year		-	-
Balance at the end of the year		1,498.78	1,498.78
General reserve	i		
Balance at the beginning of the year		-	-
Add: Transferred during the year from DRR [Refer Note 19 and below note (c)]		750.00	-
Balance at the end of the year		750.00	-
Total other equity	(a+b+c+d+e+f+g+h+i)	47,677.35	19,556.04

KFin Technologies Limited (formerly known as 'KFin Technologies Private Limited')

Notes to consolidated financial statements (continued)

(All amounts are in INR lakhs, unless otherwise stated)

18 Other equity

Nature and purpose of other reserves

(a) Capital reserve

Reserve created was on cancellation of equity shares pursuant to Scheme of amalgamation approved by National Company Law Tribunal during year ended 31 March 2019.

(b) Securities premium

The amount received in excess of face value of the equity shares is recognised in Securities Premium Reserve. It can be utilised in accordance with the provisions of the Companies Act, 2013.

(c) Debenture redemption reserve (DRR)

According to Section 71 of the Companies Act 2013, where a Company issues debentures, it is required to create a debenture redemption reserve for the redemption of such debentures. The Central Government on 16 August 2019 has amended the Companies (Share Capital and Debentures) Rules 2014 to exclude listed companies having privately placed debentures from the requirement of maintaining DRR. Accordingly, the Group has not transferred any amount to DRR from the year ended 31 March 2020.

On 29 December 2021, the Group has early repaid the debentures and thereby the reserve is no longer required and hence transferred to general reserve.

(d) Retained earnings

Retained earnings represents the net profits after all distributions and transfers to other reserves.

Other Comprehensive Income comprises of :

Remeasurement of defined benefit plans

Remeasurement of defined benefit plans represents the following as per Ind AS 19, Employee Benefits:

(a) actuarial gains and losses

(b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and

(c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset) and

(d) tax effect of the above adjustments

(e) Statutory Reserve

Under the provision of the Bahrain Commercial Companies Law, an amount equivalent to 10% of the subsidiary's profit for the year before appropriation is required to be transferred to a non distributable reserve account up to a minimum of 50% of the issued share capital. The Group decided to discontinue such transfer since the reserve has already reached 50% of the paid up share capital.

(f) Share-based payment reserve

The Parent Company has established various equity-settled share based payments plans for certain categories of employees of the Group. Refer Note 46 for further details on these plans.

(g) Foreign currency translation reserve

Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed-off.

(h) Capital redemption reserve

Represents reserve created for cancellation of 14,987,846 equity shares bought back under buy back plan in the financial year 2019-20 (Refer Note 17).

(i) General reserve

The general reserve is used time to time to transfer profits/ reserve from retained earning/other component of equity (such as DRR) for appropriation purposes. There is no policy of regular transfer. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to consolidated statement of profit and loss.

KFin Technologies Limited (formerly known as 'KFin Technologies Private Limited')
Notes to consolidated financial statements (continued)
(All amounts are in INR lakhs, unless otherwise stated)

Particulars	As at 31 March 2022	As at 31 March 2021
19 Non-current borrowings		
Non-convertible Debentures (secured) - Refer Note (i) below	-	34,588.97
Less: Current maturities of long term debt (Refer Note 21)	-	(5,200.00)
	-	29,388.97
Redeemable preference shares (Refer Note (ii) below)	2.00	-
Premium payable on redemption of RPS (Refer Note (ii) below)	12,249.42	-
	12,251.42	-
	12,251.42	29,388.97

- (i) In FY 2018-2019, the Group had issued 4,000 non-convertible debentures (NCDs) of INR 1,000,000 each to Nomura Singapore Limited and Standard Chartered Bank, Singapore for an amount of INR 40,000.00 lakhs. Transaction costs amounting to INR 1,198.69 lakhs had been netted off against the amount of NCDs. The NCDs are listed on the Bombay Stock Exchange, India with effect from 29 November 2018. The NCDs were repayable in 10 half yearly instalments commencing from 30 September 2019 to 16 November 2023 and carry an interest rate of 11.5% per annum payable half yearly. The loan was utilised for the purpose for which was raised.

On 29 December 2021, the Group has prepaid the entire NCD including interest and prepayment charges. The Group has incurred a prepayment charges of INR 847.14 lakhs which is debited to the consolidated statement of profit and loss as 'Other interest cost'. The Group has informed and obtained approval for delisting the NCDs from the Bombay Stock Exchange.

Security

The debentures are secured by :

- (i) a first ranking exclusive charge by way of hypothecation on the Account Assets under the IPA Deed of Hypothecation;
- (ii) a first ranking charge by way of hypothecation on all the Company Assets under the Company Deed of Hypothecation

(ii) Redeemable preference share (unsecured)
a. Terms and rights attached to RPS:-

On 25 October 2021, the Parent Company has issued 1,000 non-convertible redeemable preference shares having face value of INR 200 each share ("RPS") at par on a private placement basis for a maximum period of 20 years from the date of issue. These RPS shall not carry any voting rights. The RPS shall be subordinated to the existing indebtedness of the Parent Company and any future senior debt that the Parent Company may take.

The RPS shall be redeemed by the Parent Company in accordance with the provisions of the Companies Act, 2013 and the Share Subscription Agreement ("SSA") dated 28 May 2021 on or after 25 October 2023 ("the Target Redemption Date") and a redemption premium of INR 13,400.00 lakhs shall be payable by the Parent Company subject to satisfaction of the conditions prescribed under the SSA. These RPS carries preferential non-cumulative dividend rate of 0.0001% per annum ("Preferential Dividend"), which shall be applicable until 25 October 2023. The dividend shall be due only when declared by the Board. In the event that the RPS are not redeemed on the Target Redemption Date or within 60 (sixty) days therefrom, in accordance with the SSA, then the dividend rate applicable on the RPS for the period after the Target Redemption Date, shall stand revised to a preferential cumulative dividend rate of 7% per annum, which shall further increase by 200 bps per annum at every anniversary of the Target Redemption Date, subject to a maximum of 13% per annum. The payment of such dividend shall be subject to deduction and withholding of taxes by the Parent Company as per applicable law. The RPS shall be non-participating in the surplus funds and surplus assets. The RPS are transferable subject to the conditions mentioned under SSA.

- b. Pursuant to a subscription agreement dated 28 May 2021 between the Parent Company and certain individuals, who were minority shareholders of the Parent Company at such time, with regard to termination of rights of such shareholders and Permitted Assignees (other than such shareholders), in terms of the said agreement, who were also shareholders of the Parent Company, under the then existing Shareholders Agreement dated 3 August 2017 (as amended pursuant to a supplemental agreement dated 3 April 2020), the Company was obligated for an amount of INR 16,400.00 lakhs. The net amount payable after recovering, in terms of the said agreement, an indemnity of INR 3,000.00 lakhs is INR 13,400.00 lakhs payable after a period of two years i.e. on or after 25 October 2023. The Parent Company has issued Redeemable preference share (RPS) carrying maturity amount of INR 13,400.00 lakhs (INR 16,400.00 lakhs offset by INR 3,000.00 lakhs) through agreement dated 28 May 2021. Accordingly, an amount of INR 14,829.35 lakhs (amortised cost of INR 16,400.00 lakhs) has been debited to other equity representing the obligations to the shareholders with a corresponding credit of INR 11,829.14 lakhs and INR 3,000.00 lakhs to non-current borrowings (representing amount payable to the said shareholders under RPS net of indemnity of INR 3,000.00 lakhs) and current financial liability (representing amount payable to the past Client (Refer Note 37), respectively. The current financial liability has been settled by transfer of investments as mentioned in Note 37. The balance of INR 1,570.86 lakhs (INR 13,400.00 lakhs less INR 11,829.14 lakhs) will be charged to consolidated statement of profit and loss over the period of borrowing as interest cost under effective interest rate method as prescribed under Ind AS 109 – Financial Instruments. During the year ended 31 March 2022, out of INR 1,570.86 lakhs, INR 420.28 lakhs is expensed in the consolidated statement of profit and loss as interest cost.

20 Non-current provisions

Provision for employee benefits

Gratuity

Compensated absences

Provision for Indemnity

679.24

613.47

164.70

135.80

66.03

-

909.97

749.27

Refer Note 39(ii) for disclosure related to employee benefits.

21 Short-term borrowings

Current maturities of long term debt (Refer Note 19)

Interest accrued and not due on non-convertible debentures

-

5,200.00

-

24.42

-

5,224.42

KFin Technologies Limited (formerly known as 'KFin Technologies Private Limited')
Notes to consolidated financial statements (continued)
(All amounts are in INR lakhs, unless otherwise stated)
22 Trade payables

Total dues of micro enterprises and small enterprises *	18.23	30.50
Total dues of creditors other than micro enterprises and small enterprises	2,534.71	2,495.85
	2,552.94	2,526.35

Ageing of trade payables as at 31 March 2022 is as under:

Particulars	Outstanding for following period from the due date of payment				Total
	Less than 1 year	1 to 2 years	2-3 years	More than 3 years	
Micro, Small and Medium Enterprise	18.23	-	-	-	18.23
Others than Micro, Small and Medium Enterprise	2,322.93	209.74	0.32	1.72	2,534.71
Disputed dues - Micro, Small and Medium Enterprise	-	-	-	-	-
Disputed dues - Others than Micro, Small and Medium Enterprise	-	-	-	-	-

Ageing of trade payables as at 31 March 2021 is as under:

Particulars	Outstanding for following period from the due date of payment				Total
	Less than 1 year	1 to 2 years	2-3 years	More than 3 years	
Micro, Small and Medium Enterprise	3.05	-	-	-	3.05
Others than Micro, Small and Medium Enterprise	1,742.13	11.41	742.31	-	2,495.85
Disputed dues - Micro, Small and Medium Enterprise	-	-	-	-	-
Disputed dues - Others than Micro, Small and Medium Enterprise	-	-	-	-	-

*Refer Note 38 for disclosure relating to Micro enterprises and small enterprises

23 Other current financial liabilities

Security deposit payable	31.83	32.87
Employee payables	753.27	394.34
Capital creditors		
Total dues of micro enterprises and small enterprises *	1.78	-
Total dues of creditors other than micro enterprises and small enterprises	100.76	139.87
Stamp duty payable	1,477.82	1,225.65
Other liabilities^	741.18	183.11
	3,106.64	1,975.84

Ageing of capital creditors as at 31 March 2022 is as under:

Particulars	Outstanding for following period from the due date of payment				Total
	Less than 1 year	1 to 2 years	2-3 years	More than 3 years	
Micro, Small and Medium Enterprise	1.78	-	-	-	1.78
Others than Micro, Small and Medium Enterprise	100.76	-	-	-	100.76
Disputed dues - Micro, Small and Medium Enterprise	-	-	-	-	-
Disputed dues - Others than Micro, Small and Medium Enterprise	-	-	-	-	-

Ageing of capital creditors as at 31 March 2021 is as under:

Particulars	Outstanding for following period from the due date of payment				Total
	Less than 1 year	1 to 2 years	2-3 years	More than 3 years	
Micro, Small and Medium Enterprise	-	-	-	-	-
Others than Micro, Small and Medium Enterprise	139.87	-	-	-	139.87
Disputed dues - Micro, Small and Medium Enterprise	-	-	-	-	-
Disputed dues - Others than Micro, Small and Medium Enterprise	-	-	-	-	-

*Refer Note 38 for disclosure relating to Micro enterprises and small enterprises

^ Balance as at 31 March 2022, includes an amount of INR 700.00 lakhs towards claim from a past client. Refer Note 37 for further details.
The Group's exposure to liquidity risks related to above financial liabilities is disclosed in Note 41.

KFin Technologies Limited (formerly known as 'KFin Technologies Private Limited')
Notes to consolidated financial statements (continued)
(All amounts are in INR lakhs, unless otherwise stated)

24 Other current liabilities

Contract liabilities (Advance from customers)*
Statutory dues payable
Contract liabilities (Unearned income)*

411.67	290.63
1,145.42	763.71
145.03	131.39
1,702.12	1,185.73

*Also Refer Note 47

25 Current provisions

Provision for employee benefits:
Gratuity
Compensated absences

28.62	17.09
321.44	288.71
350.06	305.80

Refer Note 39 for disclosure related to provisions for employee benefits.

26 Current tax liabilities (net)

Provision for tax*

1,240.94	129.81
1,240.94	129.81

*Net of advance tax INR 13,935.94 lakhs (31 March 2021: INR 9,278.38 lakhs)

KFin Technologies Limited (formerly known as 'KFin Technologies Private Limited')**Notes to consolidated financial statements (continued)***(All amounts are in INR lakhs, unless otherwise stated)*

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
27 Revenue from operations*		
Sale of services	61,652.31	46,351.99
Total (A)	61,652.31	46,351.99
Other operating revenues		
Recoverable expenses	2,298.35	1,762.43
Total (B)	2,298.35	1,762.43
Total (A+B)	63,950.66	48,114.42
*Refer Note 47		
28 Other income		
Interest income from :		
- Bank deposits (calculated using effective interest method on financial assets at amorti	9.02	19.95
- Unwinding of discount on deposits	27.88	24.57
- Income-tax refund	-	81.97
Dividend income from investment in mutual funds	450.69	199.03
Profit on sale of property, plant and equipment (net)	14.12	9.86
Liabilities no longer required written back	57.82	-
Income on derecognition of right-of-use assets and lease liability	11.42	8.84
Rent concession	8.66	118.03
Miscellaneous income	26.05	43.09
	605.66	505.34
29 Employee benefits expense*		
Salaries and wages	20,107.99	17,011.30
Contribution to provident and other funds	1,729.00	1,399.11
Share based payment expenses (Refer Note 46)	915.47	121.60
Staff welfare expenses	496.13	328.55
	23,248.59	18,860.56
* The Group has capitalised salary cost of INR 2,537.40 lakhs (31 March 2021: INR 1,416.8 lakhs) to the Other intangible assets/ intangible under development.		
30 Finance costs		
Interest cost on financial liabilities measured at amortised cost		
- on debentures	3,710.58	4,831.79
- on redeemable preference shares (Refer Note 19(ii)(b))	420.28	-
Unwinding of interest on lease liabilities (Refer Note 6)	308.92	363.62
Other interest costs (Refer Note 19(i))	848.53	-
	5,288.31	5,195.41
31 Depreciation and amortisation expense		
Depreciation on property, plant and equipment	1,436.25	1,224.03
Amortisation on goodwill (Refer Note 44)	-	6,692.15
Amortisation on other intangible assets	1,123.35	775.59
Depreciation of right of use asset (Refer Note 6)	1,142.79	1,107.14
	3,702.39	9,798.91

KFin Technologies Limited (formerly known as 'KFin Technologies Private Limited')**Notes to consolidated financial statements (continued)***(All amounts are in INR lakhs, unless otherwise stated)*

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
32 Other expenses		
Power and fuel	367.40	486.49
Rent	301.03	598.09
Repairs and maintenance - Others	77.69	112.22
Rates and taxes	44.17	25.19
Legal and professional fee *	3,737.23	2,078.22
Consultancy charges	1,834.79	733.10
Office maintenance	329.27	371.14
Security services	132.46	109.47
Computer and software maintenance	412.02	662.31
Corporate social responsibility**	69.18	33.52
Allowance for credit loss on trade receivables and other financial assets	570.81	89.92
Deposits written-off	20.45	-
Credit impaired trade receivables written-off	237.88	38.44
Courier & Printing and stationery	2,319.33	2,253.57
Travelling and conveyance	308.83	127.97
Shared services cost	4.70	18.79
Insurance	69.94	43.05
Staff recruitment	94.99	39.19
Sales promotion and advertisement	54.58	40.82
Depository charges	5.34	2.27
Claims^	877.50	7.67
Water charges	13.96	9.29
Loss on sale of investments (Refer Note 54)	73.43	-
Fair value (gain)/ loss on financial assets measured at FVTPL	(72.08)	72.08
Bank charges	8.20	5.12
Foreign exchange loss (net)	7.61	47.09
Miscellaneous expenses	16.29	9.28
	11,917.00	8,014.29

^ Expense for the year ended 31 March 2022, includes an amount of INR 700.00 lakhs towards claim from a past client. Refer Note 37.

*** Payment to auditors (included in legal and professional expenses above)**

As auditor		
Statutory audit	30.00	26.00
Limited review	6.00	4.00
Certification	2.00	7.50
Others	150.00	3.00
Out of pocket expenses	-	2.89
	188.00	43.39

**** Corporate social responsibility**

As per Section 135 of the Companies Act, 2013, a CSR committee has been formed by the Parent Company. The proposed areas for CSR activities, as per the CSR policy of the Parent Company are promotion of education of underprivileged children which are specified in Schedule VII of the Companies Act, 2013.

a) Gross amount required to be spent by the Parent Company during the year	69.10	33.07
b) Amount spent during the year (in cash) :		
i) Construction/ acquisition of any asset	-	-
ii) On purposes other than (i) above	69.18	33.52
c) (Shortfall) / Excess at the end of the year	NA	NA
d) Total of previous years shortfall	Nil	Nil
e) Reason for shortfall	No shortfall	No shortfall
f) There are no related party transactions.	Nil	Nil

KFin Technologies Limited (formerly known as 'KFin Technologies Private Limited')**Notes to consolidated financial statements (continued)***(All amounts are in INR lakhs, unless otherwise stated)*

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
33 Earning per share (EPS)		
Profit/(Loss) attributable to equity shareholders (A)	14,855.00	(6,450.86)
<i>Shares</i>		
Number of shares at the beginning of the year	150,843,583	150,843,583
Add: Equity shares issued during the year	16,725,300	-
Number of shares at the end of the year	167,568,883	150,843,583
Weighted average number of equity shares for Basic EPS (B)	157,350,374	150,843,583
Effect of potential equity shares on employee stock option outstanding	1,357,625	71,069
Weighted average number of equity shares for diluted EPS (C)	158,707,999	150,914,652
Basic EPS - par value of INR 10 per share (A/B) (in INR)	9.44	(4.28)
Diluted EPS - par value of INR 10 per share (A/C) (in INR)	9.36	(4.28)

Since the Group has losses during the year ended 31 March 2021, the Dilutive EPS and the Basic EPS are same as they are anti-dilutive.



KFin Technologies Limited (formerly known as 'KFin Technologies Private Limited')
Notes to consolidated financial statements (continued)
(All amounts are in INR lakhs, unless otherwise stated)

34 Income tax

A. Amounts recognised in the consolidated statement of profit and loss

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Current tax expense		
Current year	5,833.37	237.09
	<u>5,833.37</u>	<u>237.09</u>
Deferred tax charge/(credit)		
Change in recognised temporary differences	(288.34)	12,964.35
	<u>(288.34)</u>	<u>12,964.35</u>
Total tax expense	<u>5,545.03</u>	<u>13,201.44</u>

B. Amounts recognised in Other Comprehensive Income

Tax (expense)/income	(27.08)	11.97
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C. Reconciliation of effective tax rate

	For the year ended 31 March 2022	For the year ended 31 March 2021
Profit before tax	20,400.03	6,750.58
Enacted tax rate in India*	25.168%	25.168%
Tax using the Holding Company's domestic tax rate	5,134.28	1,698.99
Tax effect of:		
Impact of change in Finance Act, 2021*	-	11,192.40
Permanent differences	267.18	377.20
Non recognition of deferred tax	26.07	-
Impact of differential tax rate	(29.03)	(6.90)
Others	146.53	(60.25)
	<u>5,545.03</u>	<u>13,201.44</u>

* During the financial year 2020-21, the Finance Act, 2021 has introduced an amendment to Section 32 of the Income Tax Act, 1961, whereby goodwill of a business will not be considered as a depreciable asset and depreciation on goodwill will not be allowed as deductible expenditure effective 1 April 2020. In accordance with the requirements of Ind AS 12 Income Taxes, the Parent Company has recognised one time tax expense as the outcome on the difference between Goodwill as per the books of account and its updated tax base of Nil resulting from the aforementioned amendment.

D. Movement in deferred tax balances

Particulars	As at 1 April 2021	Acquired through business combination (Refer Note 44(A))	Recognised in Statement of profit and loss account	Recognised in Other Comprehensive Income	Recognised in Other equity	As at 31 March 2022
Property, plant and equipment, Goodwill and other intangible assets	(12,890.59)	197.23	17.18	-	-	(13,076.64)
Provision for expected credit loss on trade receivables and certain other financial assets	377.35	-	143.66	-	-	521.01
Provision for employee benefits and certain other liabilities	304.79	-	72.60	27.08	-	404.47
Others	(287.36)	-	54.90	-	-	(232.46)
Deferred tax liabilities, net	<u>(12,495.81)</u>	<u>197.23</u>	<u>288.34</u>	<u>27.08</u>	<u>-</u>	<u>(12,377.62)</u>

Particulars	As at 1 April 2020	Acquired through business combination (Refer Note 44(A))	Recognised in Statement of profit and loss account	Recognised in Other Comprehensive Income	Recognised in Other equity	As at 31 March 2021
Property, plant and equipment, Goodwill and other intangible assets	(3,464.82)	-	(9,425.77)	-	-	(12,890.59)
Provision for expected credit loss on trade receivables and certain other financial assets	354.75	-	22.60	-	-	377.35
Provision for employee benefits and certain other liabilities	276.65	-	40.11	(11.97)	-	304.79
Carry forward losses	3,114.07	-	(3,114.07)	-	-	-
Others	(99.85)	-	(487.22)	-	-	(287.36)
Deferred tax liabilities, net	<u>480.50</u>	<u>-</u>	<u>(12,964.35)</u>	<u>(11.97)</u>	<u>-</u>	<u>(12,495.81)</u>

E. Deferred tax assets are recognised for tax losses carry-forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred tax assets in respect of a subsidiary whose losses amounted to INR 145.87 lakhs, (31 March 2021: INR 3.06 lakhs) respectively that can be carried-forward against future taxable income. These losses can be carried-forward as below:

Particulars	As at 31 March 2022	As at 31 March 2021
Losses with expiration (8 years)	103.59	3.06
Losses without expiration date	76.83	-
Amount of Deferred tax that has not been recorded at the year end		
Tax rate	25.168%	25.168%
Deferred tax asset not recorded as at year end	45.41	0.77

KFin Technologies Limited (formerly known as 'KFin Technologies Private Limited')
Notes to consolidated financial statements (continued)
(All amounts are in INR lakhs, unless otherwise stated)

35 Segment information:

Sl. No	Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
1	Segment revenue		
	Registry services	59,361.78	43,645.03
	Data processing services	4,224.35	4,201.82
	Pension fund solutions	364.53	267.57
	Total revenue	63,950.66	48,114.42
2	Segment results		
	Registry services	30,011.34	13,988.62
	Data processing services	2,595.86	2,112.19
	Pension fund solutions	(497.28)	(353.68)
	Total	32,109.93	15,747.13
	Unallocated (expenses)/ income		
	(a) Unallocable expenses	(7,027.25)	(4,306.48)
	(b) Finance cost	(5,288.31)	(5,195.41)
	(c) Other income	605.66	505.34
	Profit before tax	20,400.03	6,750.58
3	Tax expense	5,545.03	13,201.44
4	Net profit/ (loss) after tax	14,855.00	(6,450.86)

Particulars	As at 31 March 2022	As at 31 March 2021
5 Segment assets		
Registry services	72,243.68	68,198.63
Data processing services	4,379.65	6,505.25
Pension fund solutions	306.81	270.34
Total	76,930.14	74,974.22
Unallocated	25,710.81	17,286.99
Total	102,640.95	92,261.21
6 Segment liabilities		
Registry services	5,287.83	4,812.32
Data processing services	247.68	1,027.32
Pension fund solutions	30.58	42.35
Total	5,566.09	5,881.99
Unallocated	32,640.62	51,738.82
Total	38,206.71	57,620.81

KFin Technologies Limited (formerly known as 'KFin Technologies Private Limited')**Notes to consolidated financial statements (continued)***(All amounts are in INR lakhs, unless otherwise stated)***35 Segment information (continued)****7 Information about geographical areas**

Revenue from operations attributable to external customers	For the year ended 31 March 2022	For the year ended 31 March 2021
Within India	56,478.64	41,271.82
Outside India		
USA	4,145.13	4034.53
Canada	72.72	189.81
Rest of World	3,254.17	2,618.26
Total	63,950.66	48,114.42
Non-current assets	As at 31 March 2022	As at 31 March 2021
Within India	74,578.48	67,281.66
Outside India	162.47	61.36
Total	74,740.95	67,343.02

8 Information about major customers (from external customers)

The Group derives revenues from the following customers which amount to 10 per cent or more of the entity's revenues in the respective year:

Customer	For the year ended 31 March 2022	For the year ended 31 March 2021
Customer A	8,966.87	6,721.60
Customer B	8,244.37	6,635.65
Customer C	8,259.32	5,475.74
Total	25,470.56	18,832.99

(a) The Group is engaged in three business segments: Registry services, data processing services and pension fund solutions. Based on the "management approach" as defined in Ind AS 108 - 'Operating Segments', the Chief Operating Decision Maker evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly, information has been presented along these business segments. The accounting principles used in the preparation of the financial results are consistently applied to record revenue and expenditure in individual segments.

(b) Segment result represents the profit before interest and tax earned by each segment without allocation of central administrative costs and other income.

(c) As allowed under Ind AS 108- "Operating Segments", the segment information disclosed above is based on the consolidated financial results.

36 Commitments and contingent liabilities

	As at 31 March 2022	As at 31 March 2021
A. Commitments		
Capital commitments as on balance sheet date	686.81	306.19
B. Contingent liabilities		
(a) Customer claims not acknowledged as debts	1,059.72	-
(b) Income-tax matters*	2,419.33	98.56
(c) Service tax matters**	-	929.46
(d) Goods and service tax matters	126.35	-

*Amount for the year ended 31 March 2022, primarily includes show cause notice received from the income tax authorities relating to tax treatment of depreciation on goodwill claimed in AY 2020-21 aggregating to INR 14,801.51 lakhs (Tax impact INR 2,320.77 lakhs). The Parent Company has submitted its response to the income tax authorities. The Parent Company has evaluated these notices and has concluded that any consequent income tax claims or demands by the income tax authorities will not succeed.

Further, the Group periodically receives notices and inquiries from income tax authorities related to the Group's operations and returns filed.

** During the financial year 2011-12, the Karvy Computershare Private Limited (hereinafter referred to as the "Transferor Company") had received an order from the Commissioner of the Customs, Central Excise and Service Tax under Section 73(1) of the Finance Act, 1994 demanding service tax of INR. 1146.11 lakhs on reimbursement of expenses and penalty and interest thereon, pertaining to period from 10 September 2004 to 31 January 2007. The Service tax on Registrar to an Issue and Share Transfer Agent services was introduced vide Finance Act 2006 and the notification 15/2006 dated 25 April 2006 with effect from 1 May 2006. The rules for determination of value of taxable service was notified vide Notification No 12/2006 dated 19 April 2006, wherein Rule 5 prescribes for the inclusion of expenditure or cost incurred in the course of providing "taxable service", hence such inclusion was prescribed only for the "taxable service" which in this case, is applicable with effect from 1 May 2006. The Transferor Company, by way of abundant caution, had deposited an amount of INR 216.65 lakhs and interest thereon, pertaining to period from 1 May 2006 to 31 January 2007. The Transferor Company preferred an appeal to the Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Bangalore and obtained stay order on the above order and the matter is pending disposal. As per the above mentioned notification, the Service Tax on Registrar to an Issue and Share Transfer Agent was made applicable only with effect from 1 May 2006.

This matter was finally heard in October 2021 and an order was passed in favour of the Group with no outflow of resources and therefore the matter stands closed as at 31 March 2022.

(e) The Group is a party to certain pending cases with regulatory authorities relating to the initial public offerings of its customers that have taken place in earlier years. These cases are pending at various levels of legal disposition. In the assessment of the management and as legally advised, these matters are unlikely to have a material impact on the consolidated financial statements of the Group.

(f) The Hon'ble Supreme Court of India ("SC") by their order dated 28 February 2019, in the case of Surya Roshani Limited & others v/s EPFO, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. The Parent Company has started complying with this prospectively from the month of March 2019. In respect of the past period there are significant implementation and interpretative challenges that the management is facing and is awaiting for clarity to emerge in this regard, pending which, this matter has been disclosed under the contingent liability. The impact of the same is not ascertainable.

(g) In September 2018, the Parent Company has received show-cause notice from Pension Fund Regulatory and Development Authority ('PFRDA') letter alleging the Parent Company for undertaking a regulated activity of Point of Presence (POP) – Service establishment and serviced UTI POP without any approval from PFRDA to act in that capacity. The Parent Company has submitted its responses to PFRDA and all hearings have been attended. During the year, the inquiry proceedings were disposed off without requiring any further action as no contravention as alleged in the show cause notice were found established. The matter is concluded without levy of any penalty.

(h) The Parent Company has received a letter dated 24 August 2021 from PFRDA seeking compensation amounting to INR 263.00 lakhs towards breach of SLA for the delay in dispatch of PRAN kits and Annual Statement of Transactions (SOT) to the subscribers during Covid 19 lockdown. The Parent Company has submitted its response stating the factual position and reasons for the delay and that no loss has been suffered by any subscriber, therefore, there should not be any compensation claim. The matter is under further discussion.

(i) Subsequent the year ended 31 March 2022, the Parent Company, on 5 April 2022, has received a show cause notice from SEBI dated 31 March 2022 seeking explanation as to why an inquiry along with penalty should not be initiated under certain provisions of the regulations in relation to RTA inspection held for the period 1 January 2019 to 31 December 2019. On 10 May 2022, the Company has filed a settlement application with SEBI in accordance with Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018. The final outcome of the matter is not yet concluded and therefore the penalty, if any is not quantifiable. Management believe that the ultimate outcome of these proceedings will not have any material adverse effect on the consolidated financial statements.

(j) The Group is party to certain cases relating to customer complaints which are at various levels of resolution and litigations. The management is confident of resolution of these cases in its favour and does not expect any material impact on the consolidated financial statements. Further, the Group is proforma party to certain cases relating to succession matters, partition suits, etc. which are at various levels of resolution and litigations. There is no direct involvement of the Group in these matters and accordingly having no material impact on the consolidated financial statements.

The Group is contesting the above mentioned demands and the Management believe that its position will likely be upheld in the appellate process and accordingly no expense has been accrued in the Group financial statements for the demand raised/ show cause notice received as the ultimate outcome of these proceedings will not have a material adverse effect on the consolidated financial statements.

KFin Technologies Limited (formerly known as 'KFin Technologies Private Limited')**Notes to consolidated financial statements (continued)***(All amounts are in INR lakhs, unless otherwise stated)*

37 The pre-amalgamated Company (Refer Note 44(B)) was the Registrar and Transfer Agent (RTA) of a past Client ("the Client") until 5 April 2021. The Client had a demat account ("Escrow Account") with one of the Depository Participants ("DP") for depositing its shares in escrow for the purposes of its initial public offering. The Company identified in the financial year 2020-21 that 794,489 shares were transferred by the DP (500,000 shares in 2011 (which translated into 1,000,000 shares pursuant to a bonus issue undertaken by the Client in 2017) and 294,489 shares in 2020) from the Escrow Account to the DP's own demat account and to a third party's demat account through an off-market transaction without any authorisation from the Client and without knowledge of the Company. The Board of Directors of the Company after considering legal advice purchased 1,294,489 shares and transferred these shares to the Escrow Account of the Client on a 'good faith and no fault' basis, after reducing the amount payable upon redemption, in future, of the Redeemable Preference Shares (Refer Note 19) issued in October 2021, by INR 3,000 lakhs (Refer Note 19(ii)(b)). The dividend received on such shares by the Company in the financial year 2021-22 of INR 40.77 lakhs was also transferred back to the Client. Intimation letters were sent to the Client and SEBI on 15 November 2021 informing them of transfer of shares to the Client's Escrow Account and refund of dividend to the Client.

Further, the Board of Directors of the Company after considering legal advice, approved payment of up to INR 700.00 lakhs (based on an estimation of potential losses that may be suffered by the Client) by the Company to the Client, for the purpose of settlement of any potential claims by the Client (including dividends on such shares for earlier periods). The Company will initiate proceedings against the concerned parties, including certain minority shareholders, for recovery of the amount paid and payable by the Company to the Client in connection with this matter upon completion of final settlement with the Client. Considering the assessment of recoverability, the Company has made a provision of INR 700.00 lakhs as on 31 March 2022. Pending the final settlement of terms to be agreed with the Client, the Management has measured the provision at its best estimate.

38 Disclosure as required under the Micro, Small and Medium Enterprises Development Act, 2006 ("the MSMED Act") based on the information available with the Group

The Management has identified enterprises which have provided goods and services to the Group and which qualify under the definition of micro and small enterprises, as defined under the MSMED Act. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2022 has been made in the consolidated financial statements based on information received and available with the Group. The Group has not received any claim for interest from any supplier under the said MSMED Act.

Particulars	As at 31 March 2022	As at 31 March 2021
Principal amount remaining unpaid to any supplier as at the end of the year	20.01	30.50
Interest due thereon remaining outstanding as at the end of the year	-	-
The amount of interest paid by the buyer as per the MSMED Act	-	-
The amount of the payments made to micro and small suppliers beyond the appointed date during each accounting year	-	-
The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act	-	-

Note: The above information has been determined to the extent such parties have been identified on the basis of information available with the Group.

KFin Technologies Limited (formerly known as 'KFin Technologies Private Limited')**Notes to consolidated financial statements (continued)**

(All amounts are in INR lakhs, unless otherwise stated)

39 Employee benefits

The Group contributes to the following post-employment defined benefit contribution in India

(i) Defined contribution plans:Employee State Insurance

The Group makes contribution towards Employee state insurance for its employees. The Group's contribution to the Employees' State Insurance is deposited with the government.

Provident fund:

The Group makes contribution towards provident fund for employees. The Group's contribution to the Employees' Provident Fund is deposited with the Government under the Employees' Provident Fund and Miscellaneous Provisions Act, 1952. The contribution paid under the plan by the Group is at the rate specified under the Employees' Provident Fund and Miscellaneous Provisions Act, 1952.

During the year, the Group has recognised following amounts in the consolidated statement of profit and loss (included in Note 29 Employee benefits expense):

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Contribution to provident fund	1,333.78	1,034.63
Contribution to employee state insurance	157.30	155.94
Defined Contribution Plan - foreign subsidiaries	4.47	33.17

(ii) Defined benefit plan:

The Group makes annual contribution to a gratuity fund administered by trustees and managed by Life Insurance Corporation of India (LIC). Every employee is entitled to a benefit equivalent to fifteen days salary last drawn for each completed year of service in line with the Payment of Gratuity Act 1972. The same is payable at the time of separation from the Group or retirement whichever is earlier.

- A. Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Group's financial statements as at balance sheet date:

	As at 31 March 2022	As at 31 March 2021
Net defined benefit liability	707.86	630.56
Current (Refer Note 25)	28.62	17.09
Non Current (Refer Note 20)	679.24	613.47

B. Movement in net defined benefit liability/ (asset)

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

(i) Defined benefit obligation

Particulars	As at 31 March 2022	As at 31 March 2021
Balance as at beginning of the year	1,389.02	1,405.76
Add: Transfer on account of acquisition on business combination	39.28	-
Adjusted balance at the beginning of the year	1,428.30	1,405.76
Included in Consolidated statement of profit or loss		
Current service cost	156.96	146.42
Interest cost	84.70	90.82
	241.66	237.24
Included in Other comprehensive income		
Remeasurement loss/ (gain)		
Actuarial loss/ (gain) arising from financial assumptions	102.59	(56.27)
- demographic assumptions	-	-
- experience adjustment	-	-
on plan assets	-	-
	102.59	(56.27)
Others		
Benefits paid	(260.94)	(197.71)
	(260.94)	(197.71)
Balance as at end of the year	1,511.61	1,389.02

(ii) Fair value of plan assets

Particulars	As at 31 March 2022	As at 31 March 2021
Balance as at beginning of the year	(758.46)	(902.34)
Add: Transfer on account of acquisition on business combination	-	-
Adjusted balance at the beginning of the year	(758.46)	(902.34)

39 Employee benefits (continued)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Included in Consolidated statement of profit or loss		
Expected return on plan assets	-	-
Investment income	(27.42)	(61.88)
	(27.42)	(61.88)
Included in Other comprehensive income		
Remeasurement loss/ (gain)	-	-
Actuarial loss/ (gain) arising from:		
- financial assumptions	-	5.60
- demographic assumptions	-	-
- experience adjustment	-	-
- on plan assets	(14.51)	2.45
	(14.51)	8.05
Others		
Contributions paid by the employer	(264.30)	-
Benefits paid	260.94	197.71
	(3.36)	197.71
	(803.75)	(758.46)
Balance as at end of the year		

(iii) Net defined benefit liability/ (asset)

	As at 31 March 2022	As at 31 March 2021
Balance as at beginning of the year	630.56	503.42
Add: Transfer on account of acquisition on business combination	39.28	-
Adjusted balance at the beginning of the year	669.84	503.42
Included in Consolidated statement of profit or loss		
Expected return on plan assets	-	-
Current service cost	156.96	146.42
Interest cost	57.28	28.94
	214.24	175.36
Included in Other comprehensive income		
Remeasurement loss/ (gain)	-	-
Actuarial loss/ (gain) arising from:		
- financial assumptions	102.59	(50.67)
- demographic assumptions	-	-
- experience adjustment	-	-
- others (OB difference)	-	-
- on plan assets	(14.51)	2.45
	88.08	(48.22)
Others		
Benefits paid	(264.30)	-
	(264.30)	-
Balance as at end of the year	707.86	630.56

C. Plan assets

Particulars	As at 31 March 2022	As at 31 March 2021
Investment with Life Insurance Corporation of India	100%	100%

On an annual basis, an asset-liability matching study is done by the Group whereby the Group contributes the net increase in the actuarial liability to the plan manager (insurer) in order to manage the liability risk.

D. Actuarial assumptions

a) Economic assumptions

The principal assumptions are the discount rate, expected rate of return on plan assets and salary growth rate. Financial and demographic valuation assumptions are as follows:

	As at 31 March 2022	As at 31 March 2021
Discount rate (p.a.)	7.17% - 7.18%	6.80%
Salary increase (p.a.)	4.00%	4.00%
Withdrawal rates (p.a.)	1.00% - 2.00%	1.00%

b) Demographic assumptions

	As at 31 March 2022	As at 31 March 2021
i) Retirement age (years)	58 years	58 years
ii) Mortality table	(ALM (2006-08))	(ALM (2006-08))

39 Employee benefits (continued)

E. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	As at 31 March 2022	As at 31 March 2021
Discount rate (1% movement)		
- Increase	(123.89)	(118.00)
- Decrease	142.71	136.37
Future salary growth (1% movement)		
- Increase	179.50	169.77
- Decrease	(154.72)	(146.04)
Mortality rate (1% movement)		
- Increase	2.90	14.09
- Decrease	(2.91)	(2.62)
Attrition rate (1% movement)		
- Increase	(97.84)	(89.75)
- Decrease	107.90	99.22

F. Expected maturity analysis of the undiscounted gratuity benefit is as follows:

Particulars	As at 31 March 2022	As at 31 March 2021
Duration of defined benefit payments		
Less than 1 year	87.90	-
Between 2 - 5 years	194.85	249.49
Between 5- 10 years	403.33	368.41
Over 10 years	825.53	771.12
Total	1,511.61	1,389.02

Expected contribution to the post employee benefit plan during the next financial year is expected to be 31 March 2022: INR 172.20 lakhs (31 March 2021: INR 173.92 lakhs).

G. Discount rate: The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Salary escalation rate: The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Other long-term employee benefits:

The Group provides compensated absences benefits to the employees of the Group which can be carried forward to future years. Since the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilised wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. During the year ended 31 March 2022, the Group has incurred an expense on compensated absences amounting to INR 177.62 lakhs (31 March 2021: INR 146.92 lakhs). The Group determines the expense for compensated absences basis the actuarial valuation of the present value of the obligation, using the Projected Unit Credit Method.

KFin Technologies Limited (formerly known as 'KFin Technologies Private Limited')**Notes to consolidated financial statements (continued)**

(All amounts are in INR lakhs, unless otherwise stated)

40 Related parties**A. Names of related party and nature of relationship****i. Ultimate holding company :**

GASC MGP, LLC, Delaware (w.e.f 17 November 2018)

ii. Holding Company :

General Atlantic Singapore Fund Pte Ltd

iii. Enterprise where promoters/ promoter group hold control:

a) Rubicon Research Private Limited

b) Advagen Inc.

c) Advagen Pharma Ltd

d) Rubicon Consumer Healthcare Pvt Ltd

e) Kia Biopharma Technologies Pvt Ltd

f) Rubicon Academy LLP

g) Rubicon Research Canada Ltd

h) Rubicon Research Pvt Ltd (Singapore)

i) Advagen Holding INC

j) Advatech Bio Pharma Ltd

k) Advagen Realty LLC

l) General Atlantic Singapore KFT Pte Ltd

iv. Enterprise where promoters/ promoter group hold significant influence:

a) Ochre & Black Private Limited (w.e.f 31 December 2019)

b) Krishna Institute of Medical Sciences Limited (w.e.f 31 December 2019 to 28 June 2021)

c) Iconkrishi Institute of Medical Sciences Private Limited (w.e.f 31 December 2019 to 28 June 2021)

v. Key Management personnel (KMP)

a) V Ganesh, Chief Executive Officer and Managing Director (up to 12 June 2020)

b) Venkata Surya Sruckanth Nadella, Chief Executive Officer and Whole time Director (w.e.f 12 June 2020)

c) Kaushik Mazumdar, Independent Director

d) Sonu Halar Bhasin, Independent Director

e) Sandeep Achyut Naik, Director

f) Vishwanathan Mavila Nair, Director

g) Shantanu Rastogi, Director

h) Vishesh Tayal, Director (w.e.f 24 March 2020 and upto 26 May 2020)

i) Prashant Saran, Independent Director (w.e.f. 26 May 2020)

j) Srinivas Peddada (w.e.f. 02 July 2020)

k) Jaideep Hansraj (w.e.f. 10 November 2021)

vi. Post-employment benefit plan

a) KFinTech Private Limited Employees Group Gratuity Assurance scheme

B. Transactions with the related parties

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
i) Holding Company		
General Atlantic Singapore Fund Pte Ltd		
Reimbursement of IPO related expenses (Refer Note 49)	847.20	-
ii) Enterprise where promoters/ promoter group hold significant influence:		
Ochre & Black Private Limited		
Fee from investor services	0.05	0.05
Krishna Institute of Medical Sciences Limited		
Fee from investor services	-	0.08
iii) Key Management Personnel*		
Short-term employee benefits		
- Remuneration paid	312.72	426.25
- Incentives/ Bonus paid	153.50	147.51
Share-based payment	347.29	115.62

* The managerial personnel are covered by the Group's gratuity policy and are eligible for leave encashment along with other employees of the Group. The proportionate amount of gratuity and leave encashment pertaining to the managerial personnel has not been included in the aforementioned disclosures as these are determined on an actuarial basis for the Group as a whole.

C. Related party balances

Particulars	As at 31 March 2022	As at 31 March 2021
i) Holding Company		
General Atlantic Singapore Fund Pte Ltd		
Reimbursement of IPO related expenses (Refer Note 49)	847.20	-

All related party transactions entered during the year were in ordinary course of business and are on arm's length basis

KFin Technologies Limited (formerly known as 'KFin Technologies Private Limited')
Notes to consolidated financial statements (continued)
(All amounts are in INR lakhs, unless otherwise stated)

41 Financial instruments – Fair values and risk management

A. Fair value measurements

A. Financial instruments by category

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include the fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

As at 31 March 2022	Carrying amount		Amortised cost	Total	Fair value			Total
	Fair value through profit and loss	Fair value through other comprehensive income			Level 1	Level 2	Level 3	
Financial assets								
Non-current assets								
Other non-current financial assets	-	-	614.84	614.84	-	-	-	-
Current assets								
Current investments	9,308.31	-	-	9,308.31	9,308.31	-	-	9,308.31
Trade receivables	-	-	11,259.60	11,259.60	-	-	-	-
Cash and cash equivalents	-	-	4,503.26	4,503.26	-	-	-	-
Bank balances other than cash and cash equivalents	-	-	15.34	15.34	-	-	-	-
Loans	-	-	14.07	14.07	-	-	-	-
Other current financial assets	-	-	1,904.83	1,904.83	-	-	-	-
	9,308.31	-	18,311.94	27,620.25	9,308.31	-	-	9,308.31
Financial liabilities								
Non-current Liabilities								
(i) Borrowings	-	-	12,251.42	12,251.42	-	-	-	-
(ii) Lease liabilities	-	-	2,505.70	2,505.70	-	-	-	-
Current Liabilities								
(i) Borrowings	-	-	-	-	-	-	-	-
(ii) Lease liabilities	-	-	1,209.30	1,209.30	-	-	-	-
(iii) Trade payables	-	-	2,552.94	2,552.94	-	-	-	-
(iv) Other financial liabilities	-	-	3,106.64	3,106.64	-	-	-	-
	-	-	21,626.00	21,626.00	-	-	-	-
As at 31 March 2021								
Financial assets								
Non-current assets								
Other non-current financial assets	-	-	520.38	520.38	-	-	-	-
Current assets								
Current investments	9,490.92	-	-	9,490.92	9,490.92	-	-	9,490.92
Trade receivables	-	-	11,059.19	11,059.19	-	-	-	-
Cash and cash equivalents	-	-	2,292.60	2,292.60	-	-	-	-
Bank balances other than cash and cash equivalents	-	-	54.34	54.34	-	-	-	-
Loans	-	-	26.88	26.88	-	-	-	-
Other current financial assets	-	-	1,181.35	1,181.35	-	-	-	-
	9,490.92	-	15,134.74	24,625.66	9,490.92	-	-	9,490.92
Financial liabilities								
Non-current Liabilities								
(i) Borrowings	-	-	29,388.97	29,388.97	-	-	-	-
(ii) Lease liabilities	-	-	2,626.44	2,626.44	-	-	-	-
Current Liabilities								
(i) Borrowings	-	-	5,224.42	5,224.42	-	-	-	-
(iii) Trade payables	-	-	2,526.35	2,526.35	-	-	-	-
(ii) Lease liabilities	-	-	1,012.37	1,012.37	-	-	-	-
(iv) Other current financial liabilities	-	-	1,975.84	1,975.84	-	-	-	-
	-	-	42,754.39	42,754.39	-	-	-	-

B. Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are:

- (a) recognised and measured at fair value and
- (b) measured at amortised cost and for which fair values are disclosed in the financial statements

To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into three levels prescribed under the Indian Accounting Standard 113. An explanation of each level follows underneath the table.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There are no transfers between level 1 and level 2 during the year.

Valuation process

The finance department of the Group performs the valuation of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team reports directly to the Chief Financial Officer. Discussions of valuation processes and results are held between the finance controller and the finance team at least once every quarter.

41 Financial instruments – Fair values and risk management (continued)

C. Fair value of financial assets and liabilities measured at amortised cost

Carrying amount and Fair value	As at 31 March 2022	As at 31 March 2021
Financial assets		
Other non current financial assets	614.84	520.38
Trade receivables	11,259.60	11,059.19
Cash and cash equivalents	4,503.26	2,292.60
Bank balances other than cash and cash equivalents	15.34	54.34
Loans	14.07	26.88
Other current financial assets	1,904.83	1,181.35
	18,311.94	15,134.74
Financial liabilities		
Borrowings	12,251.42	34,613.39
Trade payables	2,552.94	2,526.35
Lease liabilities	3,715.00	3,638.81
Other current financial liabilities	3,106.64	1,975.84
	21,626.00	42,754.39

The carrying amounts of trade receivables, trade payables, capital creditors, cash and cash equivalents and other payable for capital goods are considered to be the same as their fair values due to their short-term nature.

II. Financial risk management

Risk management framework

The Holding Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors has constituted an Audit Committee which is responsible for monitoring the Group's risk management policies. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group has exposure to the following risks arising from financial instruments:

- a) Credit risk ;
- b) Liquidity risk; and
- c) Market risk

1. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations resulting in a financial loss to the Group. Credit risk encompasses both the direct risk of default and the risk of deterioration of credit worthiness as well as concentration risks. Credit risk arises principally from trade receivables, loans, advances, security deposits, cash and cash equivalents and deposits with

a. Loans

It consists of employee payables. The Group does not expect any risk for the said loans as these are given to employees of the organisation.

b. Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Group establishes an allowance for impairment that represents its expected credit losses in respect of trade and other receivables. The management uses a simplified approach for the purpose of computation of expected credit loss for trade receivables. An impairment analysis is performed at each reporting date.

The management has established a credit policy under which each new customer is analysed individually for creditworthiness before the standard payments and delivery terms and conditions are offered. The average credit period provided to customers is around 40 days. The Group review includes external ratings, customer's credit worthiness, if they are available, and in some cases bank references.

The customer base of the Group comprises of various corporate, state governments and mutual fund houses all having sound financial condition. An impairment analysis is performed at each reporting date on invoice wise receivables balances.

Geographical concentration of credit risk: Geographical concentration of trade receivables (gross) is as follows:

Particulars	As at 31 March 2022	As at 31 March 2021
Outside India	1,332.20	690.81
Within India	11,941.40	11,811.57
Total	13,273.60	12,502.38

Cash and cash equivalents and deposits with banks

Cash and cash equivalents of the Group are held with banks which have high credit rating. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

Investments in equity instrument of other companies and mutual funds

The credit risk for the investments in equity instrument of other companies and mutual funds is considered as negligible as the counter parties are reputable Companies and mutual fund agencies with high external credit ratings.

Financial assets for which loss allowance is measured using lifetime expected credit losses

Particulars	As at 31 March 2022	As at 31 March 2021
Trade receivables (Gross)	13,273.60	12,502.38

The Group has made write-offs of trade receivables as disclosed in Note 32 as it does not expect to receive future cash flows or recoveries from collection of receivables. The Company's management also pursue all legal options for recovery of dues, wherever necessary, based on its internal assessment.

Refer Note 11 for Reconciliation of loss allowance provision for Trade receivables.

41 Financial instruments – Fair values and risk management (continued)

ii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the cash flows generated from operations to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, the Group's treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Group's liquidity position comprising cash and cash equivalents on the basis of expected cash flows. This is generally carried out in accordance with practice and limits set by the Group. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans. The Group has a net current assets of INR 17,738.00 lakhs as at 31 March 2022 (31 March 2021: INR 12,537.87 lakhs).

Maturities of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and exclude the impact of netting agreements.

Particulars	Carrying amount as at 31 March 2022	Contractual total cash flows	Up to 1 year	Between 1 - 2 years	Between 2 - 5 years	More than 5 years
Non-derivative financial liabilities						
Trade payables	2,552.94	2,552.94	2,552.94	-	-	-
Borrowings*	12,251.42	13,400.00	-	13,400.00	-	-
Lease liabilities	3,715.00	4,523.22	1,455.49	778.05	1,441.91	847.77
Other financial liabilities	3,106.64	3,106.64	3,106.64	-	-	-
Total	21,626.00	23,582.80	7,115.07	14,178.05	1,441.91	847.77

Particulars	Carrying amount as at 31 March 2021	Contractual total cash flows	Up to 1 year	Between 1 - 2 years	Between 2 - 5 years	More than 5 years
Non-derivative financial liabilities						
Trade payables	2,526.35	2,526.35	2,526.35	-	-	-
Borrowings*	34,613.39	44,385.70	9,324.08	11,406.63	23,654.99	-
Lease liabilities	3,638.81	4,420.55	1,315.58	1,261.97	1,294.41	548.59
Other financial liabilities	1,975.84	1,975.84	1,975.84	-	-	-
Total	42,754.39	53,308.44	15,141.85	12,668.60	24,949.40	548.59

* The contractual Cash flows includes interest obligation on borrowings

iii. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates – will affect the Group's Revenue from operations or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

The Group does not have any borrowings with variable rates. Group has all of its borrowings at fixed rate. The Group has issued Non convertible borrowings at fixed interest rate. The same has been repaid during the year.

Exposure to interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows:

	As at 31 March 2022	As at 31 March 2021
Fixed-rate instruments		
Financial assets	48.24	63.86
Financial liabilities	12,251.42	34,613.39

Cash flow sensitivity analysis for variable-rate instruments

There are no variable rate borrowings of the Group. Hence, change in interest rates would not have an impact on cash flows of the Group.

Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Currency risk

The Group is exposed to foreign currency risk on certain transactions that are denominated in a currency other than entity's functional currency, hence exposure to exchange rate fluctuations arises.

Exposure to currency risk

The summary quantitative data about the Group's unhedged exposure to significant currency risk in foreign currency and domestic currency as reported to the management of the Group is as follows:

Financial assets	As at 31 March 2022	As at 31 March 2021
Trade receivables - Foreign Currency		
USD	5.36	1.30
CAD	0.17	0.22
AUD	1.02	2.21
GBP	0.10	0.13
MYR	11.64	4.74
Trade receivables - Indian Currency		
USD	406.97	95.43
CAD	10.31	12.97
AUD	58.13	122.91
GBP	10.40	13.18
MYR	209.53	21.97

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41 Financial instruments – Fair values and risk management (continued)

Sensitivity analysis

A reasonably possible strengthening (weakening) of the INR against all other currencies at year-end would have affected the measurement of financial instruments denominated in a foreign currency and affected profit or loss after tax for the year ended by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Impact on profit after tax	As at 31 March 2022	As at 31 March 2021
Net currency receivables/ (payables)		
USD - 1% strengthening	(4.07)	(0.95)
USD - 1% weakening	4.07	0.95
CAD - 5% strengthening	(0.52)	(0.65)
CAD - 5% weakening	0.52	0.65
AUD - 1% strengthening	(0.58)	(1.23)
AUD - 1% weakening	0.58	1.23
GBP - 10% strengthening	(1.04)	(1.32)
GBP - 10% weakening	1.04	1.32
MYR - 10% strengthening	(20.95)	(2.20)
MYR - 10% weakening	20.95	2.20

Impact on equity	As at 31 March 2022	As at 31 March 2021
Net currency receivables/ (payables)		
USD - 1% strengthening	(3.05)	(0.71)
USD - 1% weakening	3.05	0.71
CAD - 5% strengthening	(0.39)	(0.49)
CAD - 5% weakening	0.39	0.49
AUD - 1% strengthening	(0.43)	(0.92)
AUD - 1% weakening	0.43	0.92
GBP - 10% strengthening	(0.78)	(0.99)
GBP - 10% weakening	0.78	0.99
MYR - 10% strengthening	(15.68)	(1.64)
MYR - 10% weakening	15.68	1.64

42 Capital management

The Group's objectives when managing capital are to

- safeguard their ability to continue as a going concern so that it can continue to provide return for shareholders and benefits for other stakeholders;
- maintain an optimal capital structure to reduce the cost of capital; and
- ensure compliance with regulatory minimum networth required to be maintained in accordance with SEBI guidelines.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents and current equity instrument of other companies and investment in mutual funds) divided by total 'equity' (as shown in the balance sheet, excluding Capital reserve, Capital redemption reserve, Debenture redemption reserve, Share based payment reserve and Statutory reserve). The gearing ratios were as follows:

Particulars	As at 31 March 2022	As at 31 March 2021
Net debt	-	22,829.87
Total equity	61,692.56	32,064.12
Net debt to equity ratio	0.00%	71.20%

* Net debt is computed as Borrowings less sum of Cash and cash equivalents, Bank balances and Current Investments. As at 31 March 2022, Net debt position is negative and hence represented as Nil.

Debt covenants

Under the terms of the debentures agreement, the Group is required to comply with the following financial covenants:

- DSCRA not less than 1.1 times during the tenure of the debentures.
- Maximum Net Debt/ EBITDA not to exceed 3.75 times.

The Group has complied with these covenants upto the date of repayment of debentures.

Further, the SEBI (Registrars to an Issue and Share Transfer Agents), Rules and Regulations, 1993 require the Parent Company to maintain a minimum net worth of INR 50 lakhs at all times. Such net worth is computed based on a formula given in the SEBI guidelines as per which Net worth = Share capital + Free reserves and surplus - debit balance in the P&L - Preliminary expenses not written off - Intangible assets - Deferred Tax assets. For computing this net worth, the carrying value of goodwill amounting to INR 54,343.09 lakhs (31 March 2021: INR 52,455.44 lakhs) that has arisen on account of the business combinations is not deducted by the management. This is consistent with the methodology followed by the Parent Company in the submissions made earlier to SEBI and is based on legal advice obtained by the Parent Company. Basis such computation, the Parent Company is in compliance with the minimum net worth criteria as per aforementioned SEBI guidelines.

43 Impairment test of goodwill

The Group is carrying goodwill aggregating to INR 34,345.09 lakhs as at 31 March 2022 (31 March 2021: INR 52,453.44 lakhs) referred to in Note 4 and 44(B). The Group as a whole has been identified as a single CGU. For the year ended 31 March 2022, the goodwill impairment has been assessed at the 'CGU' level. The recoverable amount of the Goodwill has been determined as per value in use method using discounted cash flows.

The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been assigned based on historical data both from external and internal sources.

The projections cover a reasonable period that the Group believes this to be the most appropriate timescale over which to review and consider annual performances before applying a fixed terminal value multiple to the final year cash flows. The growth rates used to estimate future performance are based on the conservative estimates from past performance.

The Group has performed sensitivity analysis around the base assumptions and have concluded that no reasonable changes in key assumptions would cause the recoverable amount of the CGU to be less than the carrying value.

The Group performs an annual impairment test of goodwill. The latest impairment test was performed for the year ended 31 March 2022.

The following growth and discount rates have been considered for the purpose of the impairment testing:

Particulars	As at 31 March 2022	As at 31 March 2021
Discount rate	14%	14%
Terminal value rate	5%	5%
Budgeted EBITDA growth rate for various revenue stream	19.31% to 22.27%	26.6% to 35.9%

- The discount rate is a post-tax measure estimated based on the historical industry average weighted-average cost of capital.

- The cash flow projections include specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate has been determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

- Budgeted EBITDA has been estimated taking into account past experience and expected growth in the next five years.

The Group believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

Also Refer Note 44(B) in respect of approval received from NCLT towards testing the goodwill for impairment w.e.f. 1 April 2021.

44 Business combination

A) Acquisition of Hexagram Fintech Private Limited by the Group

During the year, the Parent Company has entered into a Share Purchase Agreement (SPA) to acquire 100% equity interest in Hexagram Fintech Private Limited with effect from 7 February 2022 for a net purchase consideration of INR 2,515.53 lakhs. The fair value of assets and liabilities have been computed by a third party valuer vide their report dated 4 June 2022. The fair value of assets and liabilities acquired and the purchase consideration paid is determined as under:

The details of the same are given in the table below:

Particulars	Amount
Purchase consideration (A)	2,515.33
Fair value of identifiable assets and liabilities acquired	
Assets	
Intangible assets	
a) Customer relationships	139.05
b) Computer software	126.41
c) Trademarks	434.90
d) Non-compete agreement	393.24
e) Non-current tax assets	53.39
f) Current assets	353.34
Total assets (B)	1,500.33
Liabilities	
a) Non-current liabilities	36.46
b) Current liabilities	638.96
c) Deferred tax liabilities	197.23
Total liabilities (C)	872.65
Fair value of Net assets (D=B-C)	627.68
Goodwill (A-D)	1,887.65

The goodwill is mainly attributable to the strong customer base and the synergies expected to be achieved from integrating the target into the Group's existing Standard business.

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Computer software	Cost technique. The valuation model considers depreciated replacement cost when appropriate.
Customer relationships	Income based approach method. This typically aims to capture the future earnings of a potential of an intangible and are used to estimate the value based on projected future cash flows over the assets economic life. This method considers the discounted estimated income from the customer contracts that transferred. The resulting net cash flows are also termed as multi period excess earnings. The multi-period excess earnings method considers the present value of net cash flows expected to be generated by excluding any cash flows related to contributory assets. The cash inflows and outflows are in general derived from projected financial information.
Non-compete agreement	With and without method. This method aims to value the intangible based on the difference in the value of the business with and without the existence and use of the asset. We have considered this method to value the Non-compete Agreement based Intangible Assets.
Trademarks	Relief from Royalty Method values the intangible based on the amount of royalty one would have had to pay in an arm's length arrangement to secure similar rights to the assets. This royalty income represents the cost savings of the owner of the asset the owner does not have to pay royalties to a third party for the license to use the intangible asset. The derivation of the royalty income comprises two steps: the determination of revenue attributable to the asset and the determination of the appropriate royalty rate. We have used this method to value Technology related Intangible asset.

The business rationale of this business combination was to enable the Group to increase the market share through new customers.

Net cash flow on acquisition:

Particulars	Cash flow on acquisition
Net cash acquired with subsidiary	106.01
Cash paid	(2,515.53)

For acquired receivables:

Particulars	As on date of acquisition
The gross contractual amounts receivable	226.22
The best estimate at the acquisition date of contractual cash flows not expected to be collected (provision)	-
	226.22

The acquired business contributed revenues of INR 204.77 lakhs and profit before tax of INR 52.80 lakhs to the Group for the period 7 February 2022 to 31 March 2022. If the acquisitions had occurred on 1 April 2021, pro-forma revenue and profit before tax for the year ended 31 March 2022 would have been INR 65,102.98 lakhs and INR 20,277.48 lakhs, respectively.

44 Business combination (continued)

B) Amalgamation of the 'RTA undertaking' of KCL into the Group and Amalgamation of KCPL into the Group

The Board of Directors of the Parent Company in their meeting held on 2 August 2017 approved a Composite Scheme of Arrangement and Amalgamation between Karvy Consultants Limited (KCL), Karvy Computershare Private Limited (KCPL), the Parent Company and their respective shareholders under the relevant provisions of the Companies Act, 2013 ('the Scheme'). The Scheme has been approved by the National Group Law Tribunal vide their order dated 23 October 2018 which has been filed with the Registrar of Companies on 17 November 2018. Therefore the Scheme has become effective on 17 November 2018.

As per the Scheme, the 'RTA undertaking' of KCL (as explained below) and KCPL were amalgamated into the Group with effect from 17 November 2018, the details of which are given below:

Amalgamation of the 'RTA undertaking' of KCL into the Group

In the Scheme, the 'RTA undertaking' of KCL is defined as the assets and liabilities relating to the Registrar and Transfer Agent (RTA) business of KCL including the investment held by KCL (50% equity stake) in KCPL. In accordance with the Scheme, this RTA Undertaking of KCL has been amalgamated into the Group with effect from 17 November 2018 in consideration of issue of 110,000,015 equity shares of INR. 10 each of the Group to the shareholders of KCL (as per the share swap ratio approved in the Scheme).

As specified in the Scheme, this amalgamation has accounted for in accordance with the Purchase method of accounting as per Accounting Standard 14 - on 'Accounting for Amalgamations'. Accordingly:

- a) all assets and liabilities of the RTA Undertaking of KCL including the investment held by KCL in KCPL have been recorded at their existing book values as at November 16, 2018 (as certified by the independent auditors of KCL);
- b) the consideration, being the face value of the said equity shares issued by the Group to the shareholders of KCL, has been recorded at par value; and
- c) the difference between a) and b) above amounting to INR. 1,0937.50 lakhs has been recorded as Goodwill.

Amalgamation of KCPL into the Group

On 17 November 2018, the Group acquired a 50% stake in KCPL from an existing shareholder. Further, on 17 November 2018, the 'RTA Undertaking' of KCL got amalgamated into the Group, thus vesting the remaining 50% stake of KCPL to the Group. Accordingly, on 17 November 2018, KCPL became a wholly owned subsidiary of the Group. However, the amalgamation of KCPL into the Group also became effective on the same day, and hence, KCPL got merged into KFPL on 17 November 2018.

As specified in the Scheme, the Group has accounted for the amalgamation as follows:

- a) all assets and liabilities of KCPL have been recorded at their existing book values as at 16 November 2018;
- b) the difference between the cost of investment in KCPL as appearing in the books of KFPL and the net book value of assets as per a) above amounting to INR. 56,003.47 lakhs has been recorded as Goodwill.

As per the Scheme, the cumulative goodwill arising on the transaction amounting to INR. 66,940.98 lakhs is being amortised over a period of 10 years. Goodwill

The Board of Directors of the Group at its meeting held on 01 September 2021, have approved the application filed with National Company Law Tribunal ('NCLT application') on 28 October 2021 for discontinuing amortisation of goodwill. As per the Scheme approved earlier in October 2018, the goodwill was being amortised over a period of ten years. Pursuant to the approval of the NCLT application via order dated 2 March 2022, the amortisation of goodwill has been discontinued with effect from 1 April 2021. As per Ind AS 36- Impairment of Assets, the Group continues to annually test the impairment on Goodwill. Also, Refer Note 43 for further details of Impairment testing of goodwill



45 Impact of COVID-19

The Group has taken into account the possible impacts of COVID-19 in preparation of these consolidated financial statements, including but not limited to its assessment of, liquidity and going concern assumptions, recoverable values of its financial and non-financial assets. The Group has carried out this assessment based on available internal and external sources of information up to the date of approval of these consolidated financial statements and believes that the impact of COVID-19 is not material to these consolidated financial statements and expects to recover the carrying amount of its assets. The impact of COVID-19 on the consolidated financial statements may differ from that estimated as at the date of approval of these consolidated financial statements owing to the nature and duration of COVID-19.

46 Share Based Payments

The shareholders of the Parent Company vide their meeting held on 31 July 2019 have authorised the Board of Directors to introduce, offer and provide share-based incentives to eligible employees of the Group under KFPL Employee Stock Option Plan 2019 ('ESOP Plan 2019'). The maximum number of shares that the Parent Company can issue under the ESOP plan 2019 were 9,593,839 equity shares. Subsequently, the members of the Parent Company have approved renaming the plan as Employee Stock Option Plan 2020 ('ESOP Plan 2020') and cancellation of 2,500,000 options in EGM held on 20 October 2020. The Board and Nomination and Remuneration Committee (NRC) of the Parent Company have notified seven schemes under the ESOP Plan 2020 up to 31 March 2022. The revised number of options available under the ESOP plan 2020 pool are 7,093,839 equity shares as at 31 March 2022 (31 March 2021: 7,093,839). The options under these schemes vest to the employees based on various performance and other parameters. As at 31 March 2022, the Parent Company has granted 6,502,563 (net) (31 March 2021: 2,666,728 (net)) options to eligible employees as identified by the NRC. These options vests between a minimum of 1 to 3.65 years from the date of grant.

A Description of share based payment arrangements

Particulars	Scheme A	Scheme B	Scheme C	Scheme D	Scheme E	Scheme F	Scheme G
Date of Grant	8-Aug-19 13-Jan-20 8-Sept-20 29-Dec-20	8-Aug-19 13-Jan-20 8-Sept-20 29-Dec-20 1-Nov-21	8-Aug-19 13-Jan-20 8-Sept-20 29-Dec-20 1-Nov-21	01-Nov-21 24-Mar-22	01-Nov-21 24-Mar-22	1-Nov-21	24-Mar-22
Number of options in pool	7,093,839						
Total number of options granted as at							
As at 31 March 2022	1,002,514	1,392,641	1,223,370	1,903,905	385,170	396,823	198,340
As at 31 March 2021	1,066,691	800,019	800,018	-	-	-	-
Exercise period	7 years from the date of listing of shares on the stock exchange for continuing employee or deceased employee and a period of 3 years from the date of listing of shares on the stock exchange for ex-employees						
Vesting condition	Time based vesting condition	Achievement of performance condition and non-market based condition	Achievement of non-market based condition	Time based vesting condition	Achievement of performance condition and non-market based condition	Achievement of non-market based condition	Achievement of performance condition
Vesting period	15% - end of year 1 15% - end of year 2 35% - end of year 3 35% - end of year 4	50% or 100% on achievement of target specified in the scheme or 100% non-market based condition	100% on achievement of condition specified in the scheme or 100% on non-market based condition	20% - end of year 1 20% - end of year 2 30% - end of year 3 30% - end of year 4	50% or 100% on achievement of target specified in the scheme or 100% non-market based condition	100% on achievement of condition specified in the scheme or 100% on non-market based condition	100% on achievement of condition specified in the scheme
Exercise price	70.36 91.98 110.00	70.36 91.98 110.00 185.00	70.36 91.98 110.00 185.00	185.00	185.00	185.00	185.00

B Measurement of fair values

The fair value of the options granted during the period and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment plans measured based on the Black Scholes valuation model are as follows:

Particulars	Scheme A	Scheme B	Scheme C	Scheme D	Scheme E	Scheme F	Scheme G
Date of grant	8-Aug-19 13-Jan-20 8-Sept-20 29-Dec-20	8-Aug-19 13-Jan-20 8-Sept-20 29-Dec-20 1-Nov-21	8-Aug-19 13-Jan-20 8-Sept-20 29-Dec-20 1-Nov-21	01-Nov-21 24-Mar-22	01-Nov-21 24-Mar-22	1-Nov-21	24-Mar-22
Fair Value of option (In INR)	33.57/ 33.52 35.78	33.57/ 33.52 35.78/52.56	33.57/ 33.52 35.78/52.56	52.56/ 51.92	52.56/ 51.92	52.56	51.92
Exercise price	70.36 91.98 110.00	70.36 91.98 110.00 185.00	70.36 91.98 110.00 185.00	185.00	185.00	185.00	185.00
Risk free interest rate	6.47%/ 6.88% 6.40%	6.47%/ 6.88% 6.40%/6.79%	6.47%/ 6.88% 6.40%/6.79%	6.79%/ 7.12%	6.79%/ 7.12%	6.79%	7.12%
Remaining contractual life	7/ 3 years	7/ 3 years	7/ 3 years	7/ 3 years	7/ 3 years	7/ 3 years	3 years
Expected life of share options (years)	8.15/7.72 years 7.06 years	8.15/7.72 years 7.06 years/4.16 years	8.15/7.72 years 7.06 years/4.16 years	4.16 years/ 3.77 years	4.16 years/ 3.77 years	4.16 years	3.77 years
Expected volatility (weighted average volatility %)	14.61%/ 13.96% 16.16%	14.61%/ 13.96% 16.16%/17.62%	14.61%/ 13.96% 16.16%/17.62%	17.62%/ 19.34%	17.62%/ 19.34%	17.62%	19.34%
Expected dividend yields (%)	-	-	-	-	-	-	-

The fair value of the options granted during the period and the inputs used in the measurement of the grant-date fair values of the equity-settled share based payment plans measured based on the Black Scholes valuation model are as follows:

> The expected life of the share options is based on current expectations and is not necessarily indicative of exercise patterns that may occur.

> Since there are no listed companies in the Indian market that are absolutely comparable to Parent Company, volatility of returns on the BSE500 index for historical period has been considered. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

> The risk free interest rates are determined based on the zero-coupon sovereign bond yields with maturity equal to the expected term of the option.

The average remaining contractual life for the stock options outstanding is 3.77 years as at 31 March 2022 i.e. 0.27 years post lock in period of 1 year and average life of 3.5 years from the date of listing (31 March 2022 (31 March 2021: 7.06 years post lock in period of 3.5 years and average life of 3.5 years from the date of listing)).

46 Share Based Payments (continued)

C Reconciliation of share options

Particulars	Number of options as at 31 March 2022	Number of options as at 31 March 2021
Outstanding at beginning of the year	2,666,728	2,735,038
Granted during the year	4,064,126	1,815,586
Forfeited during the year	(228,091)	(1,883,896)
Exercised during the year	(200)	-
Outstanding at end of the year	6,502,563	2,666,728
Exercisable at the end of the year	-	-

During the year ended 31 March 2022, the Company has granted 4,064,126 options (31 March 2021: 1,815,586) under ESOP Plan 2019 to eligible employees as identified by the Nomination and Remuneration Committee (NRC).

D Effect of the Employee option plan on the consolidated statement of profits and loss and on its financial position

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Total employee compensation cost pertaining to stock option plan (Refer Note 29)	915.47	121.60
Reserves- Employee stock option plan outstanding as at the year (Refer Note 18)	1,205.10	289.70

47 Revenue from contract with customers

(a) Type of Service

	Timing of recognition	For the year ended 31 March 2022	For the year ended 31 March 2021
Fee from registrars and investor services	Over the period	57,063.43	41,882.64
Income from data processing	Over the period	4,224.35	4,201.82
Income from pension fund solutions	Over the period	364.53	267.53
Recoverable expenses	Over the period	2,298.35	1,762.43
Total		63,950.66	48,114.42

*Fee from registrars and investor services and recoverable expenses has been reported as Registry services under Note 35

(b) Contract balances:

Particulars	As at 31 March 2022	As at 31 March 2021
Trade receivables, net*	11,259.60	11,059.19
Contract liabilities (unearned income and advance from customers)	556.70	422.02

*Trade receivables are non-interest bearing and generally on terms of payment of 40 days.

(c) Reconciliation of revenue with contract price

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Contract price	64,236.09	48,114.42
Less : Adjustments for price concessions	(285.43)	-
Revenue from operations	63,950.66	48,114.42

Performance obligation :- The Group enters into contracts with customers for rendering Corporate Registry, Data Processing and Pension Fund Solutions services. The performance obligation for all of these services is satisfied over the period. There is no complexity involved in determination of performance obligation in contract with customers.

Transaction price :- Contract price is determined as per terms agreed with the customer and no further adjustments are made to the same.

Payment terms :- The amounts receivable from customers become due after expiry of credit period which on an average is less than 40 days. The contracts entered with customers do not have significant financing component.

Transaction price allocated to remaining performance obligations :- The company does not have performance obligations that are remaining/unsatisfied at the end of the reporting period. There are no contracts for sale services wherein, performance obligation is unsatisfied to which transaction price has been allocated.

48 In IY 2020-2021, the Group vide letter dated 02 March 2021 has surrendered its license for operating as a Depositor Participant (DP) as it does not plan to launch the DP operations due to change in the business plans/ strategy to Central Depository Services Limited (CSDL) and National Depository Services Limited (NSDL).

49 During the year ended 31 March 2022, the Parent Company has incurred expenses for various services in connection with proposed public offer of equity shares of aggregating to INR 847.20 lakhs for Initial Public Offering (IPO). In accordance with the Offer Agreement entered between the Company and the selling shareholders, the selling shareholders shall reimburse such offer related expenses. Accordingly, the Parent Company will recover the expenses incurred in connection with the issue on completion of IPO. The entire amount has been carried forward and disclosed under the head "IPO related expenses" under "other current financial assets". In the event that the Offer is postponed or withdrawn or abandoned for any reason or the Offer is not successful or consummated, all costs and expenses with respect to the Offer shall be borne solely by the Parent Company.

50. Additional information pursuant to paragraph 2 of Division H of Schedule III to the Companies Act 2013- 'General instructions for the preparation of consolidated financial statements:-

As at 31 March 2022

Name of the entity	Net assets (total assets minus total liabilities)		Share in profit or (loss) after tax		Share in other comprehensive income		Share in total comprehensive income	
	As % of Consolidated net assets	Amount	As % of Consolidated profit or loss	Amount	As % of Consolidated OCI	Amount	As % of Consolidated total comprehensive income	Amount
Parent								
KFin Technologies Limited	100.22%	64,574.78	103.01%	15,301.53	100%	-54.74	103.02%	15,246.79
Subsidiaries in India								
KFin Services Private Limited	0.69%	444.35	-0.70%	(103.59)	-	-	-0.70%	(103.59)
Hexagram Fintech Private Limited	1.14%	731.63	-0.16%	(24.39)	-	-	-0.16%	(24.39)
Foreign subsidiaries								
KFin Technologies (Bahrain) W.L.L.	0.55%	354.40	0.07%	10.37	-	-	0.07%	10.37
KFin Technologies (Malaysia) SDN BHD	0.65%	420.55	0.44%	66.05	-	-	0.45%	66.05
Hexagram Fintech (Malaysia) SDN BHD	0.16%	102.82	0.52%	77.28	-	-	0.52%	77.28
Adjustments arising out of consolidation	-3.41%	(2,194.29)	-3.18%	(472.25)	-	-	-3.19%	(472.25)
Total	100%	64,434.24	100%	14,855.00	100%	-54.74	100%	14,800.26

As at 31 March 2021

Name of the entity	Net assets (total assets minus total liabilities)		Share in profit or (loss) after tax		Share in other comprehensive income		Share in total comprehensive income	
	As % of Consolidated net assets	Amount	As % of Consolidated profit or loss	Amount	As % of Consolidated OCI	Amount	As % of Consolidated total comprehensive income	Amount
Parent								
KFin Technologies Limited	99.18%	34,356.44	104.35%	(6,731.40)	100.00%	11.93	104.36%	(6,719.47)
Subsidiaries in India								
KFin Services Private Limited	-0.01%	(2.06)	0.03%	(2.14)	-	-	0.03%	(2.14)
Hexagram Fintech Private Limited	-	-	-	-	-	-	-	-
Foreign subsidiaries								
KFin Technologies (Bahrain) W.L.L.	1.00%	346.09	-2.10%	135.21	-	-	-2.10%	135.21
KFin Technologies (Malaysia) SDN BHD	1.83%	633.05	-1.41%	91.05	-	-	-1.41%	91.05
Hexagram Fintech (Malaysia) SDN BHD	-	-	-	-	-	-	-	-
Adjustments arising out of consolidation	-2.00%	(693.12)	-0.87%	56.42	-	-	-0.88%	56.42
Total	100%	34,640.40	100%	(6,450.86)	100%	11.93	100%	(6,438.93)

51. The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the Group towards Provident Fund and Gratuity. The effective date from which the changes are applicable is yet to be notified and the rules for quantifying the financial impact are yet to be framed. In view of this, impact if any, of the change will be assessed and accounted in the year of notification of the relevant provisions.

52. As at 31 March 2022 and 31 March 2021, the Group did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.

53. The Group has not given any loan or guarantee or provided any security as covered under Section 186 of the Companies Act, 2013. Accordingly, the disclosure requirements to that extent does not apply to the Group.

54. No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Group to or in any other person(s) or entity(ies), including foreign entities ("intermediaries"), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries except as disclosed in the Table below:-

No funds have been received by the Group from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Group shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries, except as disclosed in the Table below:-

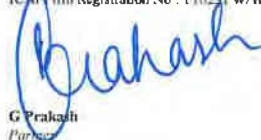
The Parent Company has infused funds into one of the subsidiaries i.e. KFin Services Private Limited ("Subsidiary Company") with the understanding that the subsidiary company will make the investment in the Artivatic Data Labs Private Limited and details of the investments transaction are as follows:-

Funding Party	Date of funds transferred	Amount of funds transferred	Name of ultimate Beneficiary	Date of investment in Ultimate Beneficiary	Amount of investments in Ultimate Beneficiary
KFin Technologies Limited	6-Apr-21	450.00	Artivatic Data Labs Private Limited	8-Apr-21	50.00
KFin Technologies Limited	27-Nov-21	100.00	Artivatic Data Labs Private Limited	30-Apr-21	350.00
Total		550.00	Artivatic Data Labs Private Limited	23-Dec-21	400.02

On 23 March 2021, the Subsidiary Company entered into an agreement to invest in Artivatic Data Labs Private Limited by subscribing to 3,511 number of equity shares of INR 1 each fully paid-up and 31,599 Compulsory Convertible Preference Shares having a face value of INR 1 for a total consideration of INR 750.00 lakhs, collectively comprising of 17% holding of Artivatic Data Labs Private Limited. During the current year, the Subsidiary Company made an investment of INR 440.02 lakhs (towards purchase of equity and preference shares of Artivatic Data Labs Private Limited) for which it incurred transaction costs of INR 73.43 lakhs. Subsequently, during the year these investments were disposed for an amount of INR 440.02 lakhs and accordingly the amount of INR 73.43 lakhs has been charged to consolidated statement of profit and loss.

As per our Report of even date attached

for BSR & Associates LLP
Chartered Accountants
ICAI Firm Registration No : L16231 W/W-100024


G. Prakash
Partner

Membership No. 099696

Place: Bengaluru
Date: 06 June 2022

for and on behalf of Board of Directors of
KFin Technologies Limited
CIN: U72400TG2017PLC117649


Vishwanathan M. Nair
Chairman

DIN: 02284165

Place: Mumbai
Date: 06 June 2022


Sreekanth Nadella
Whole time Director &
Chief Executive Officer

DIN: 08659728

Place: Mumbai
Date: 06 June 2022


Vivek Narayan Mathur
Chief Financial Officer

Membership No. A089454

Place: Mumbai
Date: 06 June 2022


Alpana Uttam Kundu
Company Secretary

Membership No. F10191

Place: Mumbai
Date: 06 June 2022

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 5th Annual General Meeting of members of KFin Technologies Limited (formerly known as KFin Technologies Private Limited) will be held on Thursday, August 04, 2022, at 02:30 p.m. (IST) through Video Conferencing / Other Audio-Visual Means, to transact the following businesses.

ORDINARY BUSINESS

Item No. 1: To receive and adopt the audited financial statements (including consolidated financial statements) of the Company for the Financial Year ended March 31, 2022, and the Reports of the Board of Directors and Auditors thereon, and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT the audited financial statements (including consolidated financial statements) of the Company for the Financial Year ended March 31, 2022 and the Reports of the Board of Directors and Auditors thereon, as circulated to the members and laid before the meeting, be and are hereby received, considered and adopted.”

Item No. 2: To appoint Mr. Sandeep Achyut Naik (DIN: 02057989), who retires by rotation as a Nominee Director and, in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT in accordance with the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder, including any amendment(s) thereto or re-enactment(s) thereof, for the time being in force, Mr. Sandeep Achyut Naik (DIN: 02057989), who retires by rotation at this meeting, be and is hereby appointed as a Nominee Director of the Company, liable to retire by rotation.”

Item No. 3: To appoint Mr. Shantanu Rastogi (DIN: 06732021), who retires by rotation as a Nominee Director and, in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT in accordance with the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder, including any amendment(s) thereto or re-enactment(s) thereof, for the time being in force, Mr. Shantanu Rastogi (DIN: 06732021), who retires by rotation at this meeting, be and is hereby appointed as a Nominee Director of the Company, liable to retire by rotation.”

SPECIAL BUSINESS

Item No. 4: To appoint Mr. Venkata Satya Naga Sreekanth Nadella (DIN: 08659728) as the Managing Director of the Company and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 196 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the rules made thereunder, including any amendment(s) thereto or re-enactment(s) thereof, for the time being in force, the consent of the members be and is hereby accorded to appoint Mr. Venkata Satya Naga Sreekanth Nadella (DIN: 08659728) as the Managing Director of the Company for a period of five (5) years, effective from June 06, 2022, not liable to retire by rotation;

RESOLVED FURTHER THAT pursuant to the provisions of Sections 197, 198, 203, Schedule V and other applicable provisions, if any, the Act and the rules made thereunder, including any amendment(s) thereto or re-enactment(s) thereof, for the time being in force, consent of the members be and is hereby accorded to pay remuneration to Mr. Venkata Satya Naga Sreekanth Nadella (DIN: 08659728), including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year, as set out below which may be in excess to 5% of the net profit of the Company computed in the manner stipulated in Section 198 of the Act:

- i. An amount not exceeding Rs. 4 Crore per annum, with Rs. 2.8 Crore as the fixed compensation and Rs. 1.2 Crore as the target variable compensation, subject to the provisions of the Act, which includes salary, allowances and perquisites;
- ii. Stock options not exceeding the limits specified in KFin Stock Option Plan, 2020 or any other Plan or Scheme as may be approved by the Board from time to time and the perquisite value arising out of exercise of such stock options (already granted or as may be granted from time to time);
- iii. Medical reimbursement as per the rules of the Company;
- iv. The Company’s contribution to Provident Fund, National Pension Scheme, superannuation or annuity fund, gratuity payable and encashment of leave, as per the rules of the Company, shall be in addition to the remuneration as aforesaid;
- v. Increment in salary, perquisites and allowances and remuneration by way of incentive / bonus / performance linked incentive, payable as may be determined by the Board and /or the Nomination and Remuneration Committee of the Board, shall be in addition to the remuneration as above;
- vi. Entitled to be reimbursed from the Company all the expenses incurred by him on behalf of the Company;
- vii. Other terms and conditions as approved by the Board of Directors earlier will remain same.

RESOLVED FURTHER THAT the consent of the members be and is hereby accorded for payment of aforesaid remuneration even if due to the above payment the total managerial remuneration is in excess to the over-all limit specified in Section 197 of the Act for respective year;

RESOLVED FURTHER THAT the Board of Directors (hereinafter referred to as “the Board” which term shall include the Nomination and Remuneration Committee of the Board) be and is hereby authorised to alter and vary remuneration as it may deem fit within the aforesaid limit;

RESOLVED FURTHER THAT the Board of Directors are hereby authorized to do, perform and execute all such acts, deeds and things and to settle all question arising out of incidental thereto, and to give such directions as may be necessary or arise in regard to or in connection with any such matter as it may, in its absolute discretion, deem fit to give effect to this resolution.”

By Order of the Board of Directors of
For KFin Technologies Limited

Alpana Kundu

Company Secretary and Compliance Officer
M. No. F10191

July 13, 2022

Registered Office:

Selenium, Tower B, Plot No.31 & 32,
Financial District, Nanakramguda, Serilingampally,
Hyderabad, Telangana – 500032, India
CIN: U72400TG2017PLC117649

NOTES:

1. Considering the present Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its circular dated June 23, 2021, read together with circulars dated April 8, 2020, April 13, 2020, June 15, 2020, September 20, 2020, December 31, 2020, December 8, 2021 and May 05, 2022 (collectively referred to as “MCA Circulars”) permitted convening the Annual General Meeting (“AGM”/ “Meeting”) through Video Conferencing (“VC”) or Other Audio-Visual Means (“OAVM”), without the physical presence of the Members at a common venue. In accordance with MCA Circulars and provisions of the Companies Act, 2013 (“the Act”), the AGM of the Company is being held through VC / OAVM. The deemed venue for the AGM shall be the Registered Office of the Company.
2. The statement pursuant to Section 102 of the Companies Act, 2013 (“the Act”) relating to the Special Business to be transacted at the Annual General Meeting (“AGM”) is annexed hereto.
3. Generally, a member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. Since this AGM is being held through VC / OAVM pursuant to the MCA Circulars, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed hereto.
4. Since the AGM will be held through VC / OAVM, the route map of the venue of the Meeting is not annexed hereto.
5. Corporate members intending to authorize their representative(s) to attend the Meeting are requested to send to the Company *vide* an email at alpana.kundu@kfintech.com, a certified true copy of the relevant Board Resolution authorizing their representative(s) to attend and vote on their behalf at the meeting, before the commencement of the Meeting.
6. In the case of joint holders attending the AGM, only such joint holder who is higher in the order of names will be entitled to vote at the AGM.
7. In compliance with the MCA Circulars, Notice of the AGM along with the Annual Report is being sent only through electronic mode to those members whose email addresses are registered with the Company / Depositories.
8. The relevant documents referred to in the Notice will be available electronically for inspection by the members during the AGM.
9. All documents referred to in the Notice will also be available for electronic inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM. Members seeking to inspect such documents can send an email to alpana.kundu@kfintech.com.
10. Members seeking any information about any relevant item to be placed at the AGM are requested to write to the Company on or before 11.00 a.m. on August 03, 2022, through e-mail on alpana.kundu@kfintech.com. The same will be replied by the Company suitably.
11. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
12. Members can cast their vote by a show of hands during the AGM or by sending an e-mail to alpana.kundu@kfintech.com in case of a poll.
13. Instructions for Joining the AGM through VC/OAVM

In case you already have Microsoft Teams installed on your Laptop / Computer / iPad / Mobile Phone, click on the “**Join Microsoft Teams Meeting**” option from the invitation.

You will be connected to the meeting.

In case you do not have Microsoft Teams installed on your Laptop / Computer / iPad / Mobile Phone, please follow the below-given **procedure to participate**.

Option 1: For participating through **Windows / Mac Book/ Computer devices**:

- Open the email invitation using preferably **Google Chrome** browser.
- Click on the “**Join Microsoft Teams Meeting**” option from the email invitation / your calendar events.
- A new Browser window would open. Select “**Join on the web instead**”. Once you reach the “**Enter Name**” prompt, enter your name and click “**Join as a Guest**”.
- You have entered the Meeting. Make sure you start your camera and keep the microphone “Mute” when not speaking.

Option 2: For installing Microsoft Teams on your **Android / iOS / Microsoft Windows devices**:

- Click on “**Join Microsoft Teams Meeting**” from the email invitation/calendar events.
- System will prompt you to download Microsoft Teams.
- Download and Install Microsoft teams. Please do not try to log in.
- Once installed, click on the invitation once again on “**Join Microsoft Teams Meeting**” from the email invitation/calendar events.
- You will be prompted to Microsoft Teams Application.
- Click on the “**Join as a Guest**” option.
- **Type your Name** and once again click on “**Join as a Guest**”
- You **have** entered the Meeting. Make sure you start your camera and keep the microphone “Mute” when not speaking.

14.Mr. Sandeep Achyut Naik (DIN: 02057989) and Mr. Shantanu Rastogi (DIN: 06732021) are interested in ordinary resolutions set out in Item Nos. 2 and 3 respectively of the Notice. Save and except the above none of the Directors of the Company / their relatives are interested, in any way, financially or otherwise in the Ordinary Business set out in Item Nos. 2 and 3 of the Notice.

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

The following statement sets out all material facts relating to the Special Business mentioned in the Notice.

Item No. 4:

Mr. Venkata Satya Naga Sreekanth Nadella was appointed as the Whole-time Director and Chief Executive Officer (“CEO”) of the Company with effect from June 12, 2020, for a period of five (5) years. In view of the commendable growth of the Company and the outstanding leadership of Mr. Venkata Satya Naga Sreekanth Nadella, the Board of Directors of the Company has, based on the recommendation of the Nomination and Remuneration Committee, and subject to the approval of the members, appointed Mr. Venkata Satya Naga Sreekanth Nadella as the Managing Director of the Company for a period of five (5) years with effect from June 06, 2022.

Pursuant to Section 197 of the Act, the total managerial remuneration payable by a public company, to its Directors, including Managing Director and Whole-time Director, and its manager in respect of any financial year shall not exceed eleven per cent. of the net profits of that Company for that financial year computed in the manner laid down in Section 198. Further the Company in general meeting may, authorise the payment of remuneration exceeding eleven per cent. of the net profits of the Company, subject to the provisions of Schedule V.

Further, except with the approval of the Company in general meeting, by a special resolution the remuneration payable to any one Managing Director or Whole-time Director or manager shall not exceed five per cent. of the net profits of the Company.

It is proposed to seek the approval of the members of the Company by way of special resolution for the appointment and remuneration of Mr. Venkata Satya Naga Sreekanth Nadella as the Managing Director of the Company as specified in the resolution set out at Item No. 4 of the Notice.

Mr. Venkata Satya Naga Sreekanth Nadella will continue to be the Chief Executive Officer of the Company.

Mr. Venkata Satya Naga Sreekanth Nadella has been granted stock options as per the KFin Stock Option Plan 2020 and 9,82,372 stock options are pending for vesting.

Mr. Venkata Satya Naga Sreekanth Nadella satisfies all the conditions set out in Part-I of Schedule V to the Act as also conditions set out under sub-section (3) of Section 196 of the Act.

The Nomination and Remuneration Committee of the Board of Directors of the Company has recommended the payment of remuneration to Mr. Venkata Satya Naga Sreekanth Nadella as indicated in the resolution set out at Item No. 4.

The members may further note that in case the Company has, in any financial year, no profits or if its profits are inadequate anytime during the three years period starting from the date of approval of this item, the aforesaid remuneration shall be paid to Mr. Venkata Satya Naga Sreekanth Nadella as minimum remuneration in accordance with the provisions of Section II of Part II of Schedule V to the Act including any statutory modification(s) or re-enactment thereof, as may, for the time being, be in force and as may be agreed to by and between the Board and Mr. Venkata Satya Naga Sreekanth Nadella.

Further the approval of members is also being sought to enable the payment of aforesaid remuneration even if due to the above remuneration the total managerial remuneration is in excess to the over-all limit specified in Section 197 of the Act for respective year.

The members may further note that the payment of remuneration to Mr. Venkata Satya Naga Sreekanth Nadella as specified in the resolution may exceed five percent of the net profits and the total managerial remuneration may also exceed to the eleven percent of the net profits of the company for respective year.

The aforesaid may be treated as a written memorandum setting out the terms of appointment of Mr. Venkata Satya Naga Sreekanth Nadella under Section 190 of the Act.

In accordance with Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, details of Mr. Venkata Satya Naga Sreekanth Nadella are as under:

Sr. No.	Particulars	Mr. Venkata Satya Naga Sreekanth Nadella
01	Age	43 years
02	Qualifications	Bachelor of Commerce, Chartered Accountant
03	Experience	20+ years
04	Terms and conditions of appointment	As stated in the resolution
05	Remuneration sought to be paid	As stated in the resolution
06	Remuneration last drawn, if applicable	F.Y. 2021-22: Rs. 2,69,35,658/-
07	Date of first appointment on the Board	June 12, 2020
08	Shareholding in the Company	50 Equity Shares
09	Relationship with other Directors	None
10	No. of meetings of the Board attended during the year	Eighteen
11	Other Directorships/ memberships of Committees of other Boards	KFin Services Private Limited KFin Technologies (Malaysia) SDN.BHD KFin Technologies (Bahrain) W.L.L. Hexagram Fintech Private Limited KFin Global Technologies (IFSC) Limited

Information required under Section II; Part II of Schedule V of the Act is as under:

I. GENERAL INFORMATION		
Nature of Industry	Technology	
Date or expected date of commencement of commercial production	Not Applicable	
Financial performance based on given indicators	The details of the financial performance of the Company for the F.Y. 2021-22 is summarized below: (In Rupees Lakh) Revenue from operations : 62,470.87 Profit before tax : 20,763.13 Profit after tax : 15,301.52	
Foreign investments or collaborations, if any	The Company is the subsidiary of General Atlantic Singapore Fund Pte. Ltd. (GA) incorporated on March 15, 2011. GA holds 74.94% equity share	

capital of the Company as on the date of the Notice calling this AGM.

II. INFORMATION ABOUT THE APPOINTEE

Background details, Recognition or awards, Job profile and his suitability	Mr. Venkata Satya Naga Sreekanth Nadella is the Whole-time Director and CEO of our Company. He has been associated with our Company as the Whole-time Director and CEO since June 12, 2020. He holds a bachelor's degree in commerce from Osmania University and is an associate member of the Institute of Chartered Accountants of India. He has over 20 years of experience and was previously associated with Accenture Services Private Limited as managing director, IBM Global Services India Private Limited as transformation manager, Capita Offshore Services Private Limited as transition manager, Callhealth Services Private Limited as chief operating officer and Indian School of Business as their finance manager.
Past remuneration	F.Y. 2021-22: Rs. 2,69,35,658/-
Remuneration proposed	As recommended by the Board, the proposed remuneration may exceed the limit prescribed under Sections 197 and 198 of the Companies Act, 2013 read with Schedule V.
Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	The remuneration proposed is as per Sections 197 and 198 of the Companies Act, 2013 read with Schedule V and is comparable to the remuneration levels of similar sized companies in similar industry.
Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any	No pecuniary relationship except remuneration as Whole-time Director and CEO of the Company.

III. OTHER INFORMATION

Reasons of special resolution for payment of proposed remuneration in case of inadequate profits	Presently there is no inadequacy of profits for payment of remuneration to the Directors, however, to enable the continuity in payment of remuneration, it is proposed to seek the approval of members by special resolution.
Steps taken or proposed to be taken for improvement	Not Applicable
Expected increase in productivity and profits in measurable terms	Not Applicable

The Company has received the notice under Section 160 of the Companies Act, 2013 from Mr. Venkata Satya Naga Sreekanth Nadella signifying his candidature for appointment as the Managing Director of the Company.

Mr. Venkata Satya Naga Sreekanth Nadella is interested in the Special Resolution set out at Item No. 4 of the Notice with respect to his appointment and remuneration. The relatives of Mr. Venkata Satya Naga Sreekanth

Nadella may be deemed to be interested in the said resolution to the extent of their shareholding interest, if any, in the Company. Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the Notice.

The Board commends the Special Resolution set out at Item No. 4 of the Notice for approval by the members.

By Order of the Board of Directors of
For KFin Technologies Limited

Alpana Kundu

Company Secretary and Compliance Officer
M. No. F10191

July 13, 2022

Registered Office:

Selenium, Tower B, Plot No.31 & 32,
Financial District, Nanakramguda, Serilingampally,
Hyderabad, Telangana – 500032, India
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Website: <https://www.kfintech.com/>