Office copy

B S R & Associates LLP

Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

To the Members of Karvy Fintech Private Limited (formerly known as KCPL Advisory Services Private Limited)

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the standalone Ind AS financial statements of Karvy Fintech Private Limited (formerly known as KCPL Advisory Services Private Limited) ("the Company"), which comprise the Standalone Balance Sheet as at 31 March 2019, and 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 (herein together to referred to as 'Standalone Ind AS financial statements') .

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and 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 2019, and 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 Ind AS 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 we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw your attention to Note 40 of the Standalone Ind AS financial statements regarding the amalgamation of Karvy Computershare Private Limited (KCPL) and the 'RTA Undertaking' of Karvy Consultants Limited (KCL) into the Company with effect from 17th November 2018 and its consequential impacts as detailed in the said note. As specified in the Scheme of Amalgamation, the amalgamation has been accounted for as per the Purchase Method of accounting specified in Accounting Standard 14 - on 'Accounting for Amalgamations'. All assets and liabilities of KCPL and of the RTA Undertaking of KCL have 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 has been debited to Goodwill. This Goodwill is being amortised in the Statement of Profit and Loss over a period of ten years as per the terms of the Scheme. The accounting treatment of this transaction is different from that prescribed under Ind AS 103 – 'Business Combinations'. Our opinion is not modified in respect of this matter.

Karvy Fintech Private Limited (formerly known as KCPL Advisory Services Pvt. Ltd.)
Independent Auditor's Report of the Standalone Ind AS Financial Statements

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How the matter was addressed in our audit
Revenue Recognition Refer Note 2(L) and 28 to the Standalone Ind AS financial statements. Revenue is a key performance measure for the Company. Revenue is generated from two key services namely registry services and data processing services. Revenue is recognised as per the terms of the contract with the respective customers and when it meets the recognition criteria as per Ind AS 115 on 'Revenue from contracts with customers'. There exists a risk of revenue not being recognised in proportion to the service performed by the Company. Further, revenue may also be recorded in an incorrect period or on a basis that is inconsistent with the contractual terms agreed with the client. Further, the revenue recognition process of the Company is dependent on complex information technology systems. We, therefore recognised revenue recognition as a key audit matter.	In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: ➢ Assessing the appropriateness of the revenue recognition accounting policies, by comparing with applicable accounting standards; ➢ Evaluating the design of controls and operating effectiveness of the relevant controls with respect to revenue recognition; ➢ Involving our information technology specialists to test the general information technology controls and information technology controls surrounding revenue recognition. ➢ Performing substantive testing by selecting samples using statistical sampling for revenue transactions recorded during the year by verifying the underlying documents. ➢ Performing confirmation procedures on selected using statistical sampling customer balances at the balance sheet date. ➢ Testing on a sample basis, specific revenue transactions recorded before and after the financial year end date to determine whether the revenue has been recognised in the appropriate financial period.

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Karvy Fintech Private Limited (formerly known as KCPL Advisory Services Pvt. Ltd.)
Independent Auditor's Report of the Standalone Ind AS Financial Statements

Key audit matters	**How the matter was addressed in our audit**
Valuation of Trade Receivables Refer Note 2(M& P) and 13 to the Standalone Ind AS financial statements. As at 31 March 2019, gross trade receivables of the Company amounted to INR. 8,729.52 lakhs. The details of trade receivables and their credit risk have been disclosed in Note 43 to the standalone Ind AS financial statements. The Company has created a provision on the basis of Expected Credit Loss model (ECL). The Company has measured the lifetime expected credit loss by using practical expedients. It has accordingly used a provision matrix derived by using a flow rate model to measure the expected credit losses for trade receivables. It has also considered time value of money in arriving at the loss allowance. Further, need for incremental provisions have been evaluated on a case to case basis where forward looking information on the financial health of a customer is available. The provision for impairment of trade receivables amounted to Rs. 804.72 Lakhs as at 31 March 2019. The determination of whether the trade receivables are recoverable involves significant management judgment and inherent subjectivity given uncertainty regarding the ability of the customer to settle their debts.	In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: ➢ Testing the methodology applied in the expected credit loss provision calculation by comparing it to the requirements of Ind AS 109 on Financial Instruments, and testing the mathematical accuracy of management's model used to calculate impairment provision; ➢ Circulating trade receivable confirmations on a sample basis using statistical sampling method and also testing underlying invoices where confirmations were not received; ➢ Assessing collections subsequent to the balance sheet date ; and ➢ We challenged the management on the collectability of trade receivables, adequacy of loss allowance for doubtful debts and for any known credit losses on account of the financial health of customers.
Accounting for amalgamation Refer Notes 2(W) and 40 to the Standalone Ind AS financial statements As indicated in the above referred notes to the standalone Ind AS financial statements, pursuant to a Scheme of Amalgamation approved by the National Company Law Tribunal on 23 October 2018 (NCLT order), Karvy Computershare Private Limited and the 'RTA Undertaking' of Karvy Consultants Limited were amalgamated into the Company with effect from 17 November 2018. As specified in the Scheme of Amalgamation, the amalgamation has been accounted for as per the Purchase Method of accounting specified in	In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: ➢ Understanding the terms and conditions specified in the Scheme of amalgamation and in the NCLT order. ➢ Testing that the accounting for the amalgamation is in accordance with the approved Scheme. ➢ Testing that the assets and liabilities of KCPL and the RTA undertaking of KCL have been recorded as their existing book values.

Karvy Fintech Private Limited (formerly known as KCPL Advisory Services Pvt. Ltd.)
Independent Auditor's Report of the Standalone Ind AS Financial Statements

Accounting Standard 14 - on 'Accounting for Amalgamations'. All assets and liabilities of KCPL and of the RTA Undertaking of KCL have 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 as per the books of the Company) amounting to INR 67,491.55 lakhs has been debited to Goodwill. This Goodwill is being amortised in the Statement of Profit and Loss over a period of ten years as per the terms of the Scheme. We identified the accounting for this amalgamation as a key audit matter because of the significance of its impact on the standalone Ind AS financial statements of the Company.	➢ Assessing whether goodwill has been accurately computed. ➢ Assessing whether appropriate reporting and disclosure of this transaction are included in the Standalone Ind AS financial statements with reference to the requirements of the applicable accounting standards.
Impairment test of goodwill Refer notes 2(H) and 45 to the standalone Ind AS financial statements The Company has recognised goodwill of INR 67,491.55 lakhs (31 March 2018: INR Nil) arising from a Scheme of Amalgamation of Karvy Computershare Private Limited with the Company (Refer Note 40 to standalone Ind AS Financial Statements) Due to the significance of the Group's recognised goodwill and the inherent uncertainty of forecasting and discounting of future cash flows for the purpose of testing the goodwill for impairment, this is deemed to be a significant area of judgment. The annual impairment testing of goodwill is considered to be a key audit matter due to the complexity of the accounting requirements and the significant judgment required in determining the assumptions to be used to estimate the recoverable amount. The recoverable amount which is based on the higher of the value in use or fair value less costs to sell, has been derived from discounted forecast cash flow models. These models use several key assumptions, including estimates of future sales and prices, operating costs, terminal value growth rates and the weighted-average cost of capital (discount rate).	In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: ➢ involving independent valuation specialist to assist in evaluating the appropriateness of the discount rates applied, which included comparing the weighted-average cost of capital with sector averages for the relevant markets in which the Company operates; ➢ evaluating the appropriateness of the assumptions applied to key inputs such as sales, operating costs and long-term growth rates; ➢ performing our own sensitivity analysis, which included assessing the effect of reasonably possible reductions in growth rates and forecast cash flows to evaluate the impact on the currently estimated headroom; and ➢ evaluating the adequacy of the standalone financial statement disclosures, including disclosures of key assumptions, judgments and sensitivities.

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Karvy Fintech Private Limited (formerly known as KCPL Advisory Services Pvt. Ltd.)
Independent Auditor's Report of the Standalone Ind AS Financial Statements

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 Board of Directors's report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the standalone Ind AS 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 Ind AS 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 Ind AS 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 Responsibility for the Standalone Ind AS 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 Ind AS financial statements that give a true and fair view of the state of affairs, profit 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS 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 Ind AS financial statements, 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS 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 Ind AS financial statements.

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

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

- Identify and assess the risks of material misstatement of the standalone Ind AS 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 management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting 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 Ind AS 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 Ind AS financial statements, including the disclosures, and whether the standalone Ind AS 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Karvy Fintech Private Limited (formerly known as KCPL Advisory Services Pvt. Ltd.)
Independent Auditor's Report of the Standalone Ind AS Financial Statements

Other matters

The comparative financial information of the Company for the year ended 31 March 2018 included in these standalone Ind AS financial statements, are based on the previously issued statutory standalone financial statements prepared in accordance with Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31 March 2018 expressed an unmodified opinion dated 27 August 2018 on those standalone financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.
Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("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.

(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 Ind AS financial statements, read with the matter referred to in the 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 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 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 Auditors' 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:

i. The Company has disclosed the impact of pending litigations as at 31 March 2019 on its financial position in its standalone Ind AS financial statements - Refer Note 36 to the standalone Ind AS financial statements.

Karvy Fintech Private Limited (formerly known as KCPL Advisory Services Pvt. Ltd.)
Independent Auditor's Report of the Standalone Ind AS Financial Statements

Report on Other Legal and Regulatory Requirements (continued)

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The disclosures in the standalone Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16): In our opinion and according to the information and explanations given to us, the provisions of section 197 are not applicable to the Company.

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

Akhil Kapadiya
Partner
Membership Number: 212991

Place: Hyderabad
Date: 22 May 2019

Karvy Fintech Private Limited (formerly known as KCPL Advisory Services Private Limited)
Annexure A to the Independent Auditor's Report on the standalone financial statements

With reference to the Annexure A referred to in our Report of even date to the Members of Karvy Fintech Private Limited (formerly known as KCPL Advisory Services Private Limited) ("the Company") on the standalone Ind AS financial statements for the year ended 31 March 2019, we report that:

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of two years which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies were noticed on such verification.

(c) The Company does not own any immovable properties. Accordingly, the provisions of Clause (i) (c) of the Order are not applicable to the Company.

ii. The Company is engaged in the business of rendering services and it does not hold any physical inventories. Accordingly, the provisions of Clause (ii) of the Order are not applicable to the Company.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013 (the Act). Accordingly, the provisions of Clause (iii) of the Order are not applicable to the Company.

iv. According to the information and explanations given to us, there are no loans, investments, guarantees and security given in respect of which provisions of section 185 and 186 of the Act are applicable. Accordingly, the provisions of clause (iv) of the Order are not applicable to the Company

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under to the extent notified. Accordingly, the provisions of Clause (v) of the Order are not applicable to the Company.

vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the services rendered by the Company.

vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees State Insurance, Income-tax, Cess, Goods and Service Tax and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. Refer Note 36(d) to the standalone Ind AS financial statements.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-Tax, Service Tax, Cess, Goods and Service Tax and other material statutory dues were in arrears as at 31 March 2019 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 Sales Tax, Duty of Customs and Duty of Excise.

Karvy Fintech Private Limited
Annexure A to the Independent Auditor's Report on the standalone financial statements
(continued)

(b) According to the information and explanations given to us, there are no dues of Income-Tax, Sales Tax, Goods and Service Tax which have not been deposited with appropriate authorities on account of any dispute, other than disputed dues of service tax under the Finance Act, 1994 amounting to Rs 1,146.11 lakhs (excluding interest and penalty) relating to the period September 2004 to January 2007 which is presently pending at Customs, Excise and Service Tax Appellate Tribunal.

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

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to debenture holders during the year. Further, the Company does not have any outstanding loans or borrowings to any financial institutions, banks or Government during the year.

ix. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. The provisions of Section 197 read with Schedule V to the Act are applicable only to public companies. Accordingly, the provisions of Clause (xi) of the Order are not applicable to the Company.

xii. The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Therefore, the provisions of Clause (xii) of the Order are not applicable to the Company.

xiii. 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 entered into transactions with related parties in compliance with the provisions of Section 177 and 188 of the Act, where applicable. The details of such related party transactions have been disclosed in the standalone financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has complied with the provisions of Section 42 of the Act in respect of preferential allotment of shares made during the year. Further, according to the information and explanations given to us and based on our examination of the records of the Company, we report that the amounts raised have been used for the purpose for which the funds were raised. The Company has not made any preferential allotment of fully or partly convertible debentures during the year.

xv. 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 entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause (xv) of the Order are not applicable to the Company.

Karvy Fintech Private Limited
Annexure A to the Independent Auditor's Report on the standalone financial statements
(continued)

xvi. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause (xvi) of the Order are not applicable to the Company.

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

Akhil Kapadiya
Partner
Membership number. 212991

Place : Hyderabad
Date : 22 May 2019

Annexure B to the Independent Auditors' report on the standalone Ind AS financial statements of Karvy Fintech Private Limited (formerly known as KCPL Advisory Services Private Limited) for the year ended 31 March 2019.

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

(Referred to in paragraph 1(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 Karvy Fintech Private Limited (formerly known as KCPL Advisory Services Pvt. Ltd.) ("the Company") as of 31 March 2019 in conjunction with our audit of the standalone Ind AS 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 2019, 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").

Auditors' 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

Annexure B to the Independent Auditors' report on the standalone Ind AS financial statements of Karvy Fintech Private Limited (formerly known as KCPL Advisory Services Private Limited) for the year ended 31 March 2019 (continued)

Auditors' Responsibility (continued)

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.

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 Financial Statements

A company's internal financial controls with reference to 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 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 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 Financial Statements

Because of the inherent limitations of internal financial controls with reference to 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 financial statements to future periods are subject to the risk that the internal financial controls with reference to 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. : 116231W/ W-100024

Akhil Kapadiya
Partner
Membership Number. 212991

Place : Hyderabad
Date : 22 May 2019

Karvy Fintech Private Limited (formerly known as KCPL Advisory Services Private Limited)
Standalone Balance Sheet
(All amounts are in INR lakhs, unless otherwise stated)

Particulars	Note	As at 31 March 2019	As at 31 March 2018
I. ASSETS			
(1) Non-current assets			
Property, plant and equipment	3	3,810.82	-
Capital work in progress		36.56	-
Goodwill	4	64,995.29	-
Other intangible assets	5	801.31	-
Financial assets			
(i) Investments in subsidiaries	6	1,521.96	-
(ii) Loans	7	372.58	
(iii) Other non-current financial assets	8	80.19	-
Deferred tax assets (net)	9	1,808.84	3.78
Non-current tax assets	10	333.32	-
Other non-current assets	11	70.99	-
Total non-current assets		**73,831.86**	**3.78**
(2) Current assets			
Financial assets			
(i) Investments	12	11,050.66	-
(ii) Trade receivables	13	7,924.80	-
(iii) Cash and cash equivalents	14	1,372.80	1.00
(iv) Bank balances other than cash and cash equivalents	15	3,094.66	-
(v) Loans	16	22.11	-
(vi) Other current financial assets	17	1,606.08	-
Other current assets	18	389.30	-
Total current assets		**25,460.41**	**1.00**
Total assets		**99,292.27**	**4.78**
II. EQUITY AND LIABILITIES			
(1) Equity			
Equity share capital	19	16,583.14	1.00
Other equity	20	35,286.71	(7.03)
Total equity		**51,869.85**	**(6.03)**
(2) Non-current liabilities			
Financial liabilities			
(i) Borrowings	21	37,286.71	-
Provisions	22	340.10	-
Total non-current liabilities		**37,626.81**	**-**
(3) Current liabilities			
Financial liabilities			
(i) Trade payables			
- Total outstanding dues of micro enterprises and small enterprises	23	3.41	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	23	2,153.48	0.06
(ii) Other current financial liabilities	24	6,115.85	10.75
Other current liabilities	25	1,199.22	-
Provisions	26	237.42	-
Current tax liabilities (net)	27	86.23	-
Total current liabilities		**9,795.61**	**10.81**
Total liabilities		**47,422.42**	**10.81**
Total equity and liabilities		**99,292.27**	**4.78**
Significant accounting policies	1 & 2		

The accompanying notes are an integral part of these standalone Ind AS financial statements
As per our Report on standalone Ind AS financial statements of even date attached

for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm Registration no : 116231 W/W-100024

Akhil Kapadiya
Partner
Membership no : 212991

Place : Hyderabad
Date : 22 May 2019

for and on behalf of Board of Directors of
Karvy Fintech Private Limited
CIN : U72400TG2017PTC117649

C. Parthasarathy
Chairman
DIN:00079232

V Ganesh
Managing director & CEO
DIN:02282487

Rakesh Santhalia
CFO & Company secretary

Place : Mumbai
Date : 22 May 2019

Karvy Fintech Private Limited (formerly known as KCPL Advisory Services 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 2019	For the period ended 31 March 2018
Income			
I. Revenue from operations	28	15,869.27	-
II. Other income	29	219.10	-
III. Total Income (I+II)		**16,088.37**	**-**
IV. Expenses			
Employee benefits expense	30	6,309.69	-
Finance Cost	31	1,907.86	-
Depreciation and amortisation expense	32	3,043.52	-
Other expenses	33	3,477.19	10.81
Total expenses (IV)		**14,738.26**	**10.81**
V. Profit before tax (III-IV)		**1,350.11**	**(10.81)**
VI. Tax expense:			
Current tax	35	271.55	-
Deferred tax expense/ (credit)	35	230.26	(3.78)
		501.81	**(3.78)**
VII. Profit for the year / period (V-VI)		**848.30**	**(7.03)**
VIII. Other Comprehensive Income			
A. Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plans		79.81	-
Income tax relating to remeasurement of defined benefit plans	35	(27.89)	-
B. Items that will be subsequently reclassified to profit or loss		-	-
Total Other Comprehensive Income for the year / period, net of tax (VIII)		**51.92**	**-**
IX. Total Comprehensive Income for the year / period (VII+VIII)		**900.22**	**(7.03)**
X. Earnings per equity share (face value of INR 10 each)			
Basic	34	1.38	(70.30)
Diluted		1.38	(70.30)
Significant accounting policies	1 & 2		

The accompanying notes are an integral part of these standalone Ind AS financial statements
As per our Report on standalone Ind AS financial statements of even date attached

for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm Registration no : 116231 W/W-100024

Akhil Kapadiya
Partner
Membership no : 212991

Place : Hyderabad
Date : 22 May 2019

for and on behalf of Board of Directors of
Karvy Fintech Private Limited
CIN : U72400TG2017PTC117649

C. Parthasarathy
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V Ganesh
Managing director & CEO
DIN:02282487

Rakesh Santhalia
CFO & Company secretary

Place : Mumbai
Date : 22 May 2019

Karvy Fintech Private Limited (formerly known as KCPL Advisory Services Private Limited)
Standalone Statement of Changes in Equity
(All amounts are in INR lakhs, unless otherwise stated)

(a) Equity share capital

	As at 31st March 2019
Balance as at 31 March 2018	1.00
Shares issued during the year	16,583.14
Shares cancelled during the year	(1.00)
Balance as at 31 March 2019	**16,583.14**

(b) Other equity

Particulars	Reserves and Surplus				Other comprehensive income	Total
	Securities premium	Capital reserve	Debenture redemption reserve	Retained earnings	Remeasurement of defined benefit plans	
Opening Balance as at 1 April 2017	-	-	-	-	-	-
Created during the year	-	-	-	-	-	-
Charged during the year	-	-	-	-	-	-
Profit for the year	-	-	-	(7.03)	-	(7.03)
Other comprehensive income for the period	-	-	-	-	-	-
Balance as at 31 March 2018	-	-	-	**(7.03)**	-	**(7.03)**
Issue of equity shares	35,765.60	1.00	-	-	-	35,766.60
Commission paid on issue of shares, (net of tax)	(1,373.08)	-	-	-	-	(1,373.08)
Profit for the year	-	-	-	848.30	-	848.30
Transfer to DRR	-	-	750.00	(750.00)	-	-
Other comprehensive income for the period, (net of tax)	-	-	-	-	51.92	51.92
Balance as at 31 March 2019	**34,392.52**	**1.00**	**750.00**	**91.27**	**51.92**	**35,286.71**

The accompanying notes are an integral part of these standalone Ind AS financial statements
As per our Report on standalone Ind AS financial statements of even date attached

for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm Registration no : 116231 W/W-100024

Akhil Kapadiya
Partner
Membership no : 212991

Place : Hyderabad
Date : 22 May 2019

for and on behalf of Board of Directors of
Karvy Fintech Private Limited
CIN : U72400TG2017PTC117649

C. Parthasarathy
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V Ganesh
Managing director & CEO
DIN:02282487

Rakesh Santhalia
CFO & Company secretary

Place : Mumbai
Date : 22 May 2019

Karvy Fintech Private Limited (formerly known as KCPL Advisory Services Private Limited)
Standalone Statement of Cash Flows
(All amounts are in INR lakhs, unless otherwise stated)

	Particulars	For the year ended 31 March 2019	For the period ended 31 March 2018
A.	**Cash flows from operating activities**		
	Net profit before tax	**1,350.11**	**(10.81)**
	Adjustment for:		
	Depreciation and amortisation expense	3,043.52	-
	Interest income on deposits	(117.37)	-
	Dividend income from current investments	(89.93)	-
	Liabilities no longer required written back	(6.50)	-
	Unrealised foreign exchange loss, net	26.79	-
	Interest on non convertible debentures	1,907.86	-
	Provision for doubtful debts	22.40	-
	Operating profit before working capital changes	**6,136.88**	**(10.81)**
	Working capital adjustments:		
	Decrease in trade receivables	462.73	-
	Decrease in other current financial assets	1,739.69	-
	Decrease in loans	815.64	
	Decrease in other non- current financial assets	33.47	-
	Decrease in other assets	70.63	-
	Decrease in trade payables	(861.70)	0.06
	Decrease in other current financial liabilities	(983.64)	-
	Increase in other current liabilities	232.58	10.75
	Increase in current provisions	59.55	-
	Cash generated from operations	**7,705.83**	-
	Income taxes paid	(1,824.14)	-
	Net cash generated from operating activities (A)	**5,881.69**	-
B.	**Cash flow from investing activities**		
	Purchase of property, plant and equipment, goodwill and intangible assets (including capital work-in-progress)	(520.05)	-
	Investment in subsidiaries	(81,319.60)	-
	Fixed deposits placed with banks (other than cash and cash equivalents)	(893.81)	-
	Proceeds from redemption of mutual funds	7,541.32	-
	Purchase of mutual funds	(11,400.00)	-
	Interest income	117.37	-
	Dividend income from current investments	89.93	-
	Net cash used in investing activities (B)	**(86,384.84)**	-
C.	**Cash flows from financing activities**		
	Proceeds from issue on non-convertible debentures	40,000.00	1.00
	Proceeds from issue of equity shares at premium	41,348.74	-
	Commission paid on issue of shares	(2,110.61)	-
	Processing fees paid on issue of non-convertible debentures	(1,198.69)	-
	Interest paid on debentures	(108.48)	-
	Net cash generated from financing activities (C)	**77,930.96**	**1.00**
D.	**Net (decrease)/ increase in cash and cash equivalents (A+B+C)**	**(2,572.19)**	**1.00**
	Cash and cash equivalents at the beginning of the year	1.00	-
	Cash and cash equivalents transferred pursuant to scheme of amalgamation (Refer Note 40)	3,943.99	-
	Cash and cash equivalents at the end of the year	**1,372.80**	**1.00**
E.	**Reconciliation of Cash and Cash equivalents with the Balance Sheet**		
	Cash on hand	0.81	-
	Balance with banks:		
	(i) in current accounts	1,371.99	1.00
		1,372.80	**1.00**

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".

2) Refer Note 21 for reconciliation between the opening and closing balances in the balance sheet for liabilities and financial assets arising from financing activities.

3) As indicated in Note 40, the RTA undertaking of KCL and KCPL were amalgamated into the Company with effect from 17 November 2018. The above cash flow statement has been adjusted for the effect of the amalgamation.

As per our Report on standalone Ind AS financial statements of even date attached

for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm Registration no : 116231 W/W-100024

Akhil Kapadiya
Partner
Membership no : 212991

Place : Hyderabad
Date : 22 May 2019

for and on behalf of Board of Directors of
Karvy Fintech Private Limited
CIN : U72400TG2017PTC117649

C. Parthasarathy
Chairman
DIN:00079232

V Ganesh
Managing director & CEO
DIN:02282487

Rakesh Santhalia
CFO & Company secretary

Place : Mumbai
Date : 22 May 2019

1. Reporting entity

Karvy Fintech Private Limited ("the Company") was incorporated on 08 June 2017 at Hyderabad, India in the name of KCPL Advisory Services Private Limited. The name of the Company changed from KCPL Advisory Services Private Limited to Karvy Fintech Private Limited on 10 August 2017. The Company's registered office is at Karvy 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.

2. Significant Accounting Policies

The Company has consistently applied the following accounting policies to all periods presented in the financial statements.

A. Basis of preparation

The financial statements the Company comply in all material aspects with Indian Accounting Standards ("Ind AS") as prescribed under Section 133 of the Companies Act, 2013 ("the Act"), as notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and other relevant provisions of the Act.

The financial statements up to and for the period ended 31 March 2018 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended), notified under Section 133 of the Act and other relevant provisions of the Act.

As these are the Company's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 47.

These financial statements were authorised for issue by the Board of Directors on 22 May 2019.

B. Functional and presentation currency

These financial statements 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.

C. Basis of measurement

The financial statements 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

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KARVY FINTECH PRIVATE LIMITED HYDERABAD

C. Basis of measurement

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 financial statements 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).

D. Use of judgments and estimates

In preparing these financial statements, 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 financial statements 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.

a) Judgements

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

- Note L - revenue recognition
- Note R - classification of leases into finance and operating lease
- Note P - classification of financial assets: assessment of business model within which the assets 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.

b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the financial statements for the 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 includes 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)

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Karvy Fintech Private Limited Hyderabad

- *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 Q)

- *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 F)

- *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 P)

- *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 O)

- *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 P)

- *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).

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KARVY FINTECH PRIVATE LIMITED HYDERABAD

E. 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.

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.

F. Property, plant and equipment

Recognition and measurement

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 items (major components) of property, plant and equipment.

Any gain or loss on disposal of property, plant and equipment is recognised in Statement of Profit and loss.

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.

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KARVY FINTECH PRIVATE LIMITED HYDERABAD

F. Property, plant and equipment (continued)

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 (upto) 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	2-15
Electrical installations	3-10
Furniture and fixtures	1-8
Computers	3
Office equipment	3-5

G. Intangible assets

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

Intangible assets are amortised in the 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 are amortised on straight line basis

Computer Software

Computer Software is amortised using the straight-line method over a period of 3 to 6 years.

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.

BSR & Co. LLP CHARTERED ACCOUNTANTS

KARVY FINTECH PRIVATE LIMITED HYDERABAD

H. Goodwill

Goodwill on acquisitions of businesses is reported separately from intangible assets. 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 40). Goodwill is tested for impairment at each reporting period and is carried at cost less accumulated amortization and accumulated impairment losses, if any

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 group of assets that generates the cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a Cash generating unit (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 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 statement of profit and loss.

B S R & Associates LLP CHARTERED ACCOUNTANTS

KARVY FINTECH PRIVATE LIMITED HYDERABAD

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's contribution towards employee provident fund to Government administered provident fund scheme is considered as a defined contribution plan and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

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. The Company makes specified monthly contributions towards Government administered Provident Fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

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 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 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.

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KARVY FINTECH PRIVATE LIMITED HYDERABAD

K. Employee benefits (continued)

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 less the fair value of the plan assets, if any out of which the obligations are expected to be settled. 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 Statement of Profit and Loss in the period in which they occur.

L. Revenue

Effective 1 April 2018, the Company has adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative effect method, applied to the contracts that were not completed as of 1 April 2018 and therefore the comparatives have not been restated and continues to be reported as per Ind AS 18 "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 recognized 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 recognized 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.

Recoverable expenses represents expenses incurred in relation 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.

Income from interest on deposits and interest bearing securities is recognised on a time proportion basis taking into account the amount outstanding and the effective interest rate.

Dividends are recognised in 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.

M. 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.

N. Investment in Subsidiaries

Investments in subsidiaries are carried at amortised cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts are recognised in the Statement of Profit and Loss.

O. 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, taking into account 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 financial statements 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 recongises any impairment loss on the assets associated with that contract.

P. Financial instruments

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 recognise financial assets on the date on which they are originated. The company recognises the 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

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P. Financial instruments (continued)

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 though 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 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 income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

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 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.

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P. Financial instruments (continued)

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.

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.

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P. Financial instruments (continued)

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.

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 statement of profit and 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 profit or loss.

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P. Financial instruments (continued)

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 statement of profit or loss.

Derecognition of financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

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').

Q. 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.

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Q. Income taxes (continued)

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.

Minimum Alternative Tax (MAT) is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset, the said asset is created by way of credit to the standalone statement of profit and loss and included in deferred tax assets. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

R. Leases

Determining whether an arrangement contains a lease

At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the incremental borrowing rate

Leases are classified as finance leases whenever the terms of the lease transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases

Payments made under operating leases are generally recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

S. 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.

In accordance with Ind AS 108- "Operating Segment", segment information has been furnished in the Consolidated Financial Statements. Hence, no disclosure is included in this regard in these standalone financial statements

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T. 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.

U. 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.

V. 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.

W. 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. Acquisition related costs are expensed as incurred.

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.

X. Standards issued but not yet effective

Ind AS 116- Leases

On 30 March 2019, Ministry of Corporate Affairs (""MCA"") has notified the Ind AS 116, Leases. The core principle of the new standard is that an entity should recognise a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The Company shall recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities.

The Company will adopt the standard on 01 April 2019 by using the modified retrospective approach and accordingly comparatives for the year ended 31 March 2019 will not be retrospectively adjusted. The Company plans to apply the practical expedient to grandfather the definition of a lease on transition.

This means that it will apply Ind AS 116 to all contracts entered into before 1 April 2019 and identified as leases in accordance with Ind AS 17.

The Company is currently evaluating the effect of IND AS 116 on the financial statements.

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X. Standards issued but not yet effective (continued)

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The Company will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives.

The Company is currently evaluating the effect of this amendment on the financial statements.

Amendment to Ind AS 12 – Income taxes

On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019.

The Company is currently evaluating the effect of this amendment on the financial statements.

Amendment to Ind AS 19 – plan amendment, curtailment or settlement

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity:

• to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and

• to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019.

The Company is currently evaluating the effect of this amendment on the financial statements.

Amendment to Ind AS 23 - Borrowing costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect any impact from this amendment.

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X. Standards issued but not yet effective (continued)

Amendment to Ind AS 28 - Long term interests in Associates and Joint Ventures

The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The Company does not currently have any long-term interests in associates and joint ventures.

Amendment to Ind AS 103 – Business Combinations and Ind AS 111 – Joint Arrangements

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. The Company will apply the pronouncement if and when it obtains control/ joint control of a business that is a joint operation.

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

3 Property, plant and equipment

Particulars	Gross block					Accumulated Depreciation				Net Block	
	As at 1 April 2018	On account of business combination*	Additions	Deletions	As at 31 March 2019	As at 1 April 2018	For the year	Deletions	As at 31 March 2019	As at 31 March 2019	As at 1 April 2018
Leasehold improvements	-	1,592.44	-	-	1,592.44	-	129.45	-	129.45	1,462.99	-
Computers and other related assets	-	1,841.55	103.01	-	1,944.56	-	261.48	-	261.48	1,683.08	-
Furniture and fixtures	-	196.17	-	-	196.17	-	12.10	-	12.10	184.07	-
Office equipment	-	363.27	11.32	-	374.59	-	71.05	-	71.05	303.54	-
Plant and Machinery	-	70.82	-	-	70.82	-	2.38		2.38	68.44	-
Vehicles	-	98.90	20.00	-	118.90	-	10.20	-	10.20	108.70	-
Total	-	**4,163.15**	**134.33**	-	**4,297.48**	-	**486.66**	-	**486.66**	**3,810.82**	-

As at 31 March 2019, all the above property, plant and equipment are subject to first charge to secure the non-convertible debentures. Refer Note 21

*Refer Note 40 for the business combination during the year.

4 Goodwill

Particulars	Gross block					Accumulated Amortisation				Net Block	
	As at 1 April 2018	On account of business combination*	Additions	Deletions	As at 31 March 2019	As at 1 April 2018	For the year	Deletions	As at 31 March 2019	As at 31 March 2019	As at 1 April 2018
Goodwill arising on business combination	-	67,491.55	-	-	67,491.55	-	2,496.26	-	2,496.26	64,995.29	-
	-	**67,491.55**	-	-	**67,491.55**	-	**2,496.26**	-	**2,496.26**	**64,995.29**	-

*Refer Note 40 for the business combination during the year.

5 Other intangible assets

Particulars	Gross block					Accumulated Amortisation				Net Block	
	As at 1 April 2018	On account of business combination*	Additions	Deletions	As at 31 March 2019	As at 1 April 2018	For the year	Deletions	As at 31 March 2019	As at 31 March 2019	As at 1 April 2018
Computer software's	-	482.23	379.68	-	861.91	-	60.60	-	60.60	801.31	-
Total	-	**482.23**	**379.68**	-	**861.91**	-	**60.60**	-	**60.60**	**801.31**	-

*Refer Note 40 for the business combination during the year.

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

	Particulars	As at 31 March 2019	As at 31 March 2018
6	**Investments in subsidiaries**		
	Unquoted equity shares at amortised cost		
	800 (31 March 2018: Nil) equity shares of Karvy Fintech W.L.L (formerly known as Karvy Computershare W.L.L), Bahrain of BHD 50 each fully paid-up	1,354.61	-
	100,000 (31 March 2018: Nil) equity shares of Karvy Fintech (Malaysia) SDN.BHD. (formerly known as Karvy Computershare (Malaysia) SDN. BHD), MYR 1 each fully paid-up	167.35	-
		1,521.96	**-**
	Aggregate amount of un-quoted non-current investments	1,521.96	-
	Aggregate amount of impairment in value of investments	-	-
7	**Non-current loans**		
	Rental deposits	372.58	-
		372.58	**-**
	The Company's exposure to credit risks are disclosed in Note 43		
	Break up of security details		
	(a) Loans considered good - Secured	-	-
	(b) Loans considered good - Unsecured	372.58	-
	(c) Loans which have significant increase in Credit Risk	-	-
	(d) Loans - credit impaired	-	-
	Total	**372.58**	**-**
	Loss allowance	-	-
	Total Loans	**372.58**	**-**
8	**Other non-current financial assets**		
	Electricity deposits	52.43	-
	Telephone deposits	0.95	-
	Bank deposits (due to mature after 12 months from balance sheet date)*	26.81	-
		80.19	**-**

* includes fixed deposits held as margin money towards guarantees given by bank amounting to INR 25.55 (31 March 2018: INR Nil)
The Company's exposure to credit risks are disclosed in Note 43.

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.

	Particulars	As at 31 March 2019	As at 31 March 2018
9	**Deferred tax assets (net)**		
	Deferred tax assets		
	Provision for employee benefits and certain other liabilities	594.27	-
	Provision for expected credit loss on trade receivables and certain other financial assets	322.46	-
	Carry forward losses	2,338.45	-
	Minimum Alternate Tax credit	271.55	-
	Others	208.60	3.78
	Total deferred tax assets	**3,735.33**	**3.78**
	Deferred tax liabilities		
	Property, plant and equipment, Goodwill and other intangible assets	(1,926.49)	-
	Total deferred tax liabilities	**(1,926.49)**	**-**
	Deferred tax assets, net	**1,808.84**	**3.78**
10	**Non-current tax assets**		
	Advance income-tax including tax deducted at source [net of provision for tax of INR 4,120.57 (31 March 2018: INR Nil)]	333.32	-
		333.32	**-**
11	**Other non-current assets**		
	Prepayments	70.99	-
		70.99	**-**

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

	Particulars	As at 31 March 2019	As at 31 March 2018
12	**Investments**		
	Investments in mutual funds		
	(Quoted at Fair Value through Profit or Loss)		
	89,470 (31 March 2018: Nil) units of UTI Liquid Cash Plan- Regular- Daily Dividend Reinvestment Plan	912.10	-
	59,711 (31 March 2018: Nil) units of Reliance Liquid Fund- Daily Dividend Option-Liquid Plan	913.19	-
	89,974 (31 March 2018: Nil) units of DSP Blackrock Liquidity Fund - Regular Plan -Daily Dividend	900.58	-
	79,105 (31 March 2018: Nil) units of L&T Liquid Fund - Regular Liquid Daily Dividend Reinvestment Plan	800.69	-
	89,910 (31 March 2018: Nil) units of TATA Liquid Fund Regular Plan - Daily Dividend	900.46	-
	73,634 (31 March 2018: Nil) units of Kotak Liquid Regular Plan Daily Dividend	900.75	-
	88,786 (31 March 2018: Nil) units of HDFC Liquid Fund-Regular Plan Daily Dividend Reinvestment	905.46	-
	902,680 (31 March 2018: Nil) units of Aditya Birla Sun life Liquid Fund-Daily Dividend-Regular Plan	904.86	-
	707,762 (31 March 2018: Nil) units of ICICI Prudential Liquid Fund - Daily Dividend	708.09	-
	89,995 (31 March 2018: Nil) units of Axis Liquid Fund-Daily Dividend-Reinvestment	901.21	-
	49,997 (31 March 2018: Nil) units of Franklin India Liquid Fund - Super Institutional Plan, Daily Dividend Plan	500.54	-
	89,945 (31 March 2018: Nil) units of IDFC Cash Fund - Daily Dividend	900.77	-
	20,004 (31 March 2018: Nil) units of Religare Invesco India Liquid Fund-Daily Dividend	200.39	-
	69,930 (31 March 2018: Nil) units of SBI Liquid Fund - Regular Daily Dividend	701.57	-
		11,050.66	-
	Aggregate amount of quoted current investments and market value thereof	**11,050.66**	-
	Aggregate amount of impairment in value of investments	-	-
	The Company's exposure to credit risk is given in Note 43		
13	**Trade receivables**		
	(Unsecured, considered good)		
	Trade receivables	8,402.40	-
	Receivables from related parties* (Refer Note 42)	327.12	
	Less: Loss allowance	(804.72)	-
		7,924.80	-
	Break up of security details		
	(a) Trade Receivables considered good - Secured	-	-
	(b) Trade Receivables considered good - Unsecured	7,924.80	-
	(c) Trade Receivables which have significant increase in Credit Risk	804.72	-
	(d) Trade Receivables - credit impaired	-	-
	Total	**8,729.52**	-
	Loss allowance	(804.72)	
	Total trade receivables	**7,924.80**	-
	Movements in the provision for loss allowance of trade receivables are as follows:		
	Opening balance	-	-
	Balance transferred pursuant to business combination (Refer Note 40)	782.32	
	Provision for loss allowance	22.40	-
	Closing balance	**804.72**	-

The Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in Note 43

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.

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

	Particulars	As at 31 March 2019	As at 31 March 2018
14	**Cash and cash equivalents**		
	Cash on hand	0.81	-
	Balance with banks:		
	(i) in current accounts	1,371.99	1.00
		1,372.80	**1.00**

The Company's exposure to credit risk are disclosed in Note 43.

15	**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)*	3,094.66	-
		3,094.66	-

* Includes INR 35.73 held as margin money towards guarantees given by banks. Also includes restricted fixed deposit amounting to INR 992.50 (31 March 2018: INR Nil) which is not freely remissible because of contractual restrictions.

The Company's exposure to credit risks are disclosed in Note 43

The Company's exposure to credit risks are disclosed in Note 43

16	**Current loans**		
	(Unsecured, considered good)		
	Loans to employees	22.11	-
		22.11	-
	Break up of security details		
	(a) Loans considered good - Secured	-	-
	(b) loans considered good - Unsecured	22.11	-
	(c) Loans which have significant increase in Credit Risk	-	-
	(d) Loans - credit impaired	-	-
	Total	**22.11**	-
	Loss allowance	-	
	Total current loans	**22.11**	-

The Company's exposure to credit risk are disclosed in Note 43.

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.

17	**Other current financial assets**		
	Retention money receivable	842.17	-
	Less: Loss allowance	(118.08)	
		724.09	-
	Contract assets - unbilled revenue	819.82	-
	Others	62.17	-
		1,606.08	-

The Company's exposure to credit risks are disclosed in Note 43.

Movements in the provision for loss allowance of trade receivables are as follows:

Opening balance	-	-
Balance transferred pursuant to business combination	118.08	-
Provision for loss allowance	-	-
Closing balance	**118.08**	-

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.

18	**Other current assets**		
	Advances to vendors for supply of goods/services	47.68	-
	Balance with government authorities	250.19	-
	Prepaid expenses	77.47	-
	Advances to employees	13.96	-
		389.30	-

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

19 Share capital

Particulars	As at 31 March 2019	As at 31 March 2018
Authorised *		
176,000,000 (previous year : 6,000,000) equity shares of Rs.10 each	17,600.00	600.00
Issued, subscribed and paid-up		
165,831,429 (previous year : 10,000) equity shares of Rs.10 each, fully paid-up	16,583.14	1.00
	16,583.14	**1.00**

* The Authorised Share Capital has been increased in terms of the scheme of amalgamation and arrangement as approved by National Company Law Tribunal (NCLT). Refer Note 40.

a. Terms and rights attached to equity shares

The Company has a single class equity shares having a par value of Rs. 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.

b. Reconciliation of shares outstanding at the beginning and end of the period:

Particulars	No. of shares	Amount
Opening Balance	-	-
Shares issued during the year	10,000	1.00
As at 31 March 2018	10,000	1.00
Shares issued during the period	165,831,429	16,583.14
Shares cancelled during the period **	(10,000)	(1.00)
As at 31 March 2019	**165,831,429**	**16,583.14**

** Pursuant to the scheme of amalgamation, the Company has cancelled 10,000 shares held by the erstwhile shareholders. During the year, the Company has issued 55,831,414 equity shares of INR 10 per share to General Atlantic Singapore Fund Pte Ltd ('General Atlantic") and General Atlantic has further acquired shares from certain existing shareholders, consequent to which it has become the Holding Company of Karvy Fintech Private Limited. Further pursuant to scheme of amalgamation (Refer note 40) the Company has issued 110,000,015 equity shares of INR 10 each at par value to the shareholders of Karvy Consultants Limited ('KCL') in exchange of receipt of the assets and liabilities of the 'RTA undertaking of KCL.

c. Details of shares held by holding company

Particulars	As at 31 March 2019		As at 31 March 2018	
	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	138,058,092	83.25%	-	-
Total	**138,058,092**	**83.25%**	-	-

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

Particulars	As at 31 March 2019		As at 31 March 2018	
	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	138,058,092	83.25%	-	
Compar Estates and Agencies Pvt Ltd	20,243,944	12.21%	2,658	26.58%
M Rajini	-	-	2,216	22.16%
Jhansi Sureddi	-	-	2,182	21.82%
M Spandana	-	-	786	7.86%
M Rushyanth	-	-	691	6.91%
Total	**158,302,036**	**95.46%**	**8,533**	**85.33%**

e. During the five year ended 31 March 2019 (31 March 2018 INR Nil) no shares were allotted as fully paid up pursuant to a contract without payment being received in cash.

f. The Company has not bought back any shares during the five year period ended 31 March 2019 (31 March 2018 Nil).

g. The Company has not allotted any shares as fully paid by way of bonus shares during the five year period ended 31 March 2019 (31 March 2018 Nil).

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Karvy Fintech Private Limited (formerly known as KCPL Advisory Services Private Limited)
Notes to standalone financial statements
(All amounts are in INR lakhs, unless otherwise stated)

	Particulars	Note	As at 31 March 2019	As at 31 March 2018
20	**Other equity**			
	Capital reserve	a		
	Balance at the beginning of the year		-	-
	Addition during the period		1.00	-
	Balance at the end of the period		**1.00**	-
	Securities premium	b		
	Balance at the beginning of the year		-	-
	Issue of shares		35,765.60	-
	Less: Commission paid on issue of shares, (net of related deferred tax)		(1,373.08)	-
	Balance at the end of the period		**34,392.52**	-
	Debenture redemption reserve	c		
	Balance at the beginning of the year		-	-
	Add: Transfer from surplus in profit and loss		750.00	-
	Balance at the end of the period		**750.00**	-
	Retained earnings	d		
	At the commencement of the year		(7.03)	-
	Add: Profit for the period		848.30	(7.03)
	Less: Transfer to debenture redemption reserve		(750.00)	-
	Balance at the end of the period		**91.27**	**(7.03)**
	Remeasurement of defined benefit plans (Other comprehensive income)	e		
	At the commencement of the year			
	Add: Profit for the period		51.92	-
			51.92	-
	Total other equity		**35,286.71**	**(7.03)**

Nature and purpose of other reserves

(a) **Capital reserve**
Reserve created on cancellation of equity shares pursuant to Scheme of amalgamation approved by National Company Law Tribunal. Refer Note 40

(b) **Securities premium account**
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 Act, to issue bonus shares, to provide for premium on redemption of shares or debentures, write-off equity related expenses like underwriting costs etc.

(c) **Debenture redemption reserve**
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.

(d) **Retained earnings**
Retained earnings represents the net profits after all distributions and transfers to other reserves.

(e) **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)

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

	Particulars	As at 31 March 2019	As at 31 March 2018
21	**Non-current borrowings**		
	Non-convertible Debentures (secured)	38,886.71	-
	Less: Current maturities of long term debt (Refer note 24)	(1,600.00)	
		37,286.71	**-**

During the year, the Company has 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. Transaction costs amounting to INR 1,198.69 has been netted off against the amount of Debentures. The NCDs are listed on the Bombay Stock Exchange, India with effect from 29 November 2018. The NCDs are repayable in 10 half yearly installments commencing from 30 September 2019 to 16 November 2023 and carry an interest rate of 11.5% per annum due half yearly beginning from 31 March 2019.

Particulars	Non-current borrowings	Current borrowings	Accrued interest (Refer Note 24)	Total
Net debt as at 31 March 2018	-	-	-	-
Loan drawls (in cash) /interest accrued during the year	40,000.00	-	1,898.37	41,898.37
Loan repayments/interest payment during the year (in cash)	-	-	-	-
Processing fees paid	(1,198.69)	-	-	(1,198.69)
Amortisation as per effective interest rate	85.40	-	(85.40)	-
Others	-	-	(99.00)	(99.00)
Net debt as at 31 March 2019	**38,886.71**	**-**	**1,713.97**	**40,600.68**

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

		As at 31 March 2019	As at 31 March 2018
22	**Non-current provisions**		
	Provision for employee benefits		
	Gratuity	166.34	-
	Compensated absences	173.76	-
		340.10	**-**

Refer Note 41 for disclosure related to employee benefits.

		As at 31 March 2019	As at 31 March 2018
23	**Trade payables**		
	Total outstanding dues of micro enterprises and small enterprises *	3.41	-
	Total outstanding dues of creditors other than micro enterprises and small enterprises	2,153.48	0.06
		2,156.89	**0.06**

* Refer Note 39 for disclosure relating to Micro and Small Enterprises
For details regarding trade payables due to related parties, Refer Note 42.

		As at 31 March 2019	As at 31 March 2018
24	**Other current financial liabilities**		
	Current maturities of long term debt (Refer Note 21)	1,600.00	-
	Security deposit payable	1,405.45	-
	Employee payables	194.58	-
	Interest accrued on non-convertible debentures	1,713.97	-
	Capital creditors	12.15	-
	Other liabilities	1,189.70	10.75
		6,115.85	**10.75**

The Company's exposure to liquidity risks related to above financial liabilities is disclosed in Note 43.

		As at 31 March 2019	As at 31 March 2018
25	**Other current liabilities**		
	Advances from customers	337.01	-
	Statutory dues payable	862.21	-
		1,199.22	**-**
26	**Current provisions**		
	Provision for employee benefits:		
	Gratuity	105.21	
	Compensated absences	132.21	-
		237.42	**-**

Refer Note 41 for disclosure related to provisions for employee benefits.

		As at 31 March 2019	As at 31 March 2018
27	**Current tax liability (net)**		
	Provision for taxation (Net of advance tax INR 10.67, 31 March 2018; INR Nil)	86.23	-
		86.23	**-**

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KARVY FINTECH PRIVATE LIMITED HYDERABAD

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

	Particulars	For the year ended 31 March 2019	For the period ended 31 March 2018
28	**Revenue from operations**		
	Sale of services	14,514.91	-
	Total (A)	**14,514.91**	-
	Other operating revenues		
	Recoverable expenses	1,354.36	-
	Total (B)	**1,354.36**	-
	Total (A+B)	**15,869.27**	-

	Particulars	For the year ended 31 March 2019	For the period ended 31 March 2018
29	**Other income**		
	Interest income from :		
	Bank deposits (carried at amortised cost)	117.37	-
	Unwinding of discount on deposits	5.30	-
	Dividend income from current investments	89.93	-
	Liabilities no longer required - written back	6.50	-
		219.10	-

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

	Particulars	For the year ended 31 March 2019	For the period ended 31 March 2018
30	**Employee benefits expense**		
	Salaries and wages	5,698.50	-
	Contribution to provident and other funds (Refer Note 41)	432.88	-
	Staff welfare expenses	178.31	-
		6,309.69	-
31	**Finance Cost**		
	Interest on Debentures	1,898.37	-
	Other interest costs	9.49	-
		1,907.86	-
32	**Depreciation and amortisation expense**		
	Depreciation on property, plant and equipment	486.66	-
	Amortisation on goodwill	2,496.26	-
	Amortisation on intangible assets	60.60	-
		3,043.52	-
33	**Other expenses**		
	Power and fuel	154.91	-
	Rent	445.03	-
	Repairs and maintenance:		
	- others	39.60	-
	Rates and taxes	146.41	10.81
	Legal and professional fee *	286.43	-
	Office maintenance	107.55	-
	Donations	5.95	-
	Loss allowance on trade receivables and other financial assets	22.40	-
	Printing and stationery	406.74	-
	Postage, courier and communication	942.75	-
	Shared services cost	143.59	-
	Consultancy charges	335.62	-
	Travelling and conveyance	232.34	-
	Miscellaneous expenses	4.03	-
	Computer maintenance charges	43.29	-
	Depository charges	3.05	-
	Claims paid	25.96	-
	Insurance	4.86	-
	Staff recruitment	18.54	-
	Sales promotion and advertisement	27.29	-
	Security services	43.22	-
	Bank charges	7.07	-
	Foreign exchange loss (net)	26.79	-
	Water charges	3.77	-
		3,477.19	**10.81**

*** Payment to auditors** (included in legal and professional expenses above)		
As auditor		
Statutory audit	17.00	-
Certification	0.65	-
Out of pocket expenses	1.75	-
	19.40	-

Corporate Social Responsibility

The Company was incorporated on 8 June 2017. During the period ended 31 March 2018, the Company did not have any profits. Accordingly the Company was not required to spend any amount towards Corporate Social Responsibility ('CSR') under the provisions of the Companies Act, 2013.

34	**Earning per share (EPS)**		
	Profit attributable to equity shareholders (A)	848.30	(7.03)
	Weighted average number of equity shares for Basic and diluted EPS (B)	61,341,213	10,000
	Basic and Diluted EPS - par value of INR 10 per share (A/B) (in INR)	**1.38**	**(70.30)**

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

35 Income tax

A. Amounts recognised in the Statement of Profit and Loss

	For the year ended 31 March 2019	For the period ended 31 March 2018
Current tax expense		
Current year	271.55	-
	271.55	-
Deferred tax charge/ (credit)		
Change in recognised temporary differences	230.26	(3.78)
	230.26	**(3.78)**
Total tax expense	**501.81**	**(3.78)**

B. Amounts recognised in Other Comprehensive Income

	For the year ended 31 March 2019			For the period ended 31 March 2018		
	Before tax	Tax (expense)/ Income	Net of tax	Before tax	Tax (expense)/ Income	Net of tax
Remeasurement of defined benefit liability	79.81	(27.89)	51.92	-	-	-
	79.81	**(27.89)**	**51.92**	-	-	-

C. Reconciliation of effective tax rate

	For the year ended 31 March 2019		For the period ended 31 March 2018	
	Rate	Amount	Rate	Amount
Profit before tax from continuing operations	34.94%	1,350.11	34.61%	(10.81)
Tax using the Company's domestic tax rate		471.73		(3.74)
Tax effect of:				
Impact of tax exempt income	-2.33%	(31.43)		
Permanent differences	3.82%	51.56		
Others	0.74%	9.94	0.36%	(0.04)
	37.17%	**501.81**	**34.97%**	**(3.78)**

D. Movement in deferred tax balances

	As at 1 April 2018	Arising on account of business combination*	Recognised in Statement of Profit and Loss account	Recognised in Other Comprehensive Income	Recognised in Other Equity	As at 31 March 2019
Property, plant and equipment, Goodwill and other intangible assets	-	122.19	(2,048.68)	-	-	(1,926.49)
Provision for expected credit loss on trade receivables and certain other financial assets	-	314.63	7.83	-	-	322.46
Provision for employee benefits and certain other liabilities	-	885.05	(262.89)	(27.89)	-	594.27
Carry forward losses	-	-	2,338.45	-	-	2,338.45
MAT Credit	-	-	271.55	-	-	271.55
Transaction cost on issue of shares and non-convertible debentures	-	-	(536.53)	-	737.53	201.00
Others	3.78	3.79	0.03	-	-	7.60
Net deferred tax assets/ (liabilities)	**3.78**	**1,325.66**	**(230.26)**	**(27.89)**	**737.53**	**1,808.84**

*Refer Note 40 on business combination during the year

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

36 Commitments, contingent liabilities and contingent assets

A. Commitments
There are no capital commitments as on balance sheet date

B. Contingent Liabilities	**As at 31 March 2019**	**As at 31 March 2018**
(a) Claims against the Company not acknowledged as debts.	44.69	

(b) During the financial year 2011-12, 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 Rs 114,611,071 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 Rs 21,665,028 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. The Company has evaluated the claim and based on its evaluation, the Management is confident that the demand is not tenable and the possibility of any future financial impact is remote. 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.

Name of the statute	Nature of the dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994	Service tax (excluding interest and penalty)	1,146.11 (216.65)*	10 September 2004 to 31 January 2007	Customs, Excise and Service Tax Appellate Tribunal

*The amounts in parenthesis represents the payment made.

(c) In addition to the above, the Company is a party to certain pending cases with regulatory authorities relating to the initial public offerings 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 financial statements of the Company.

(d) The Company has few pending disputes with the Income tax authorities in respect of assessment year 2008-09. The Company has made necessary provisions in the books of account with respect to all the Income tax related disputes and believes that there will be no further financial impact in this regard.

(e) The Hon'ble Supreme Court of India ("SC") by their order dated February 28, 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. Subsequently, a review petition against this decision has been filed and is pending before the SC for disposal. Pending decision on the subject review petition and directions from the EPFO, the management has a view that the applicability of the decision is prospective and accordingly has provided the liability for March 2019. The impact for the past period, will depend upon the outcome of subject review petition and directions from the EPFO.

37 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.

38 Leases

A. Operating leases

The Company has taken premises on non-cancellable and cancellable operating lease. Lease rentals on the non-cancellable lease amounting to INR 218.19 (March 2018 : INR Nil) and cancellable lease amounting to INR 226.84 (March 2018: INR Nil) has been charged to the statement of profit and loss. The total future minimum lease payments under non-cancellable lease are as follows:

Particulars	**As at 31 March 2019**	**As at 31 March 2018**
Not later than 1 year	586.17	-
Later than 1 year and not later than 5 years	2,097.21	-
Above 5 years	-	-
Total	**2,683.38**	-

39 Disclosure as required under the Micro, Small and Medium Enterprises Development Act, 2006 ("the 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 Micro, Small and Medium Enterprises Development Act, 2006 ("the Act"). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2019 has been made in the financial statements based on information received and available with the Company. Further in the view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier under the said Act.

The above information has been determined to the extent such parties have been identified on the basis of information available with the Company. Auditors have placed reliance on such information provided by the management.

Particulars	**For the year ended 31 March 2019**	**For the period ended 31 March 2018**
Principal amount remaining unpaid to any supplier as at the end of the year.	3.41	-
Interest due thereon remaining outstanding as at the end of the year.	-	-
The amount of interest paid by the buyer as per Micro, Small and Medium Enterprises Development Act, 2006.	-	-
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 period) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
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 Micro, Small and Medium Enterprises Development Act, 2006.	-	-

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

40 Business combination

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 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 Company with effect from 17 November 2018 in consideration of issue of 110,000,015 equity shares of Rs. 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:
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 Company to the shareholders of KCL has been recorded at par value; and
c) the difference between a) and b) above amounting to Rs. 10,937.50 has been recorded as Goodwill.

The details of the same are given in the table below:

Particulars	Amount
Book value of assets and liabilities transferred:	
Property, plant and equipment	6.15
Trade receivable	63.90
Investment in KCPL	1.32
Total assets	**71.37**
Current Liabilities	8.87
Total liabilities	**8.87**
Net assets - (A)	**62.50**
Face value of equity shares issued to shareholders of KCL - **(B)**	11,000.00
Goodwill = (B) - (A)	**10,937.50**

KARVY FINTECH PRIVATE LIMITED HYDERABAD

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

Amalgamation of KCPL into the Company

On 17th November 2018, the Company acquired a 50% stake in KCPL from an existing shareholder. The remaining 50% stake in KCPL got vested in the Company on 17th November 2018 upon the RTA Undertaking of KCL getting amalgamated into the Company. Accordingly, on 17th 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 17th November 2018.

As specified in the Scheme, the Company has accounted for the amalgamation as follows:
a) all assets and liabilities of KCPL have been recorded at their existing book values as at November 16, 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 Rs. 56,554.04 has been recorded as Goodwill.

The details of the same are given in the table below:

Particulars	Amount
Book value of assets and liabilities acquired:	
Property, plant and equipment	4,157.00
Intangible Asset	482.23
Capital work in progress	30.51
Investments in Subsidiaries	1,521.96
Deferred tax asset	1,325.66
Other non current financial assets	454.13
Non-current tax assets	40.70
Other non-current assets	79.02
Other current financial assets	25,924.20
Other current assets	451.91
Total assets (A)	**34,467.32**
Non current provisions	377.13
Current provisions	220.64
Trade payables	3,025.37
Other financial liability	3,774.76
Other current liability	957.78
Current tax liabilities (net)	1,346.09
Total liabilities (B)	**9,701.77**
Net Assets (A-B)	**24,765.55**
Calculation of goodwill	
Investment in KCPL in the books of the Company	81,319.60
Less: Net assets	24,765.55
Goodwill	**56,554.05**

As per the Scheme, the cumulative goodwill arising on the transaction amounting to Rs. 67,491.55 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 value of trade receivables acquired of RTA undertaking and KCPL is INR 6.15 and INR 8,372.81 respectively. The gross contractual amount for trade receivables due of RTA undertaking and KCPL is INR 6.15 and INR 9,155.14 respectively and an amount of INR Nil and INR 783.32 has been provided for towards expected credit losses.

The business rationale of this amalgamation was to enable better and more efficient management, control and running of the RTA business. KCPL had obtained a no objection from SEBI for the change of control and from PFRDA for the amalgamation. The Company has applied to SEBI for fresh registration in its own name and is pursuing the matter with PFRDA.

The acquired business contributed revenues of INR 15,869.27 and profit before tax of INR 1,350.11 to the Company for the period 17 November 2018 to 31 March 2019. If the acquisitions had occurred on 1 April 2018, pro-forma revenue and profit before tax for the year ended 31 March 2019 would have been INR 43,252.31 and INR 8,488.81 respectively.

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41 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 Statement of Profit and Loss (included in note 30 Employee benefits expense):

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Contribution to provident fund	217.72	-
Contribution to employee state insurance	84.85	-

(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 inline 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:

	For the year ended 31 March 2019	For the year ended 31 March 2018
Net defined benefit liability	271.55	-
Current	105.21	-
Non Current	166.34	-

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:

Particulars	As at 31 March 2019			As at 31 March 2018		
	Defined benefit obligation	Fair value of plan assets	Net defined benefit liability/ (asset)	Defined benefit obligation	Fair value of plan assets	Net defined benefit liability/ (asset)
Balance as at beginning of the year	-	-	-	-	-	-
Add: Transfer on account of amalgamation	1,080.18	(811.79)	268.39	-	-	-
Included in Statement of profit or loss						
Current service cost	80.45	-	80.45	-	-	-
Interest cost	35.11	(26.38)	8.73	-	-	-
	115.56	**(26.38)**	**89.18**	-	-	-
Included in Other comprehensive income						
Remeasurement loss/ (gain)						
Actuarial loss/ (gain) arising from:						
- financial assumptions	(82.38)	-	(82.38)	-	-	-
on plan assets	-	2.57	2.57	-	-	-
	(82.38)	**2.57**	**(79.81)**	-	-	-
Others						
Contributions paid by the employer	-	(6.21)	(6.21)			
Benefits paid	(21.59)	21.59	-			
	(21.59)	**15.38**	**(6.21)**	-	-	-
Balance as at end of the year	**1,091.77**	**(820.22)**	**271.55**	-	-	-

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C. Plan assets

	As at 31 March 2019	As at 31 March 2018
Investment with Life Insurance Corporation of India	100%	100%

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. The discount rate is based upon the market yields available on government

	As at 31 March 2019	As at 31 March 2018
Discount rate (p.a.)	7.70%	-
Salary increase (p.a.)	4.00%	-
Expected rate of return on plan assets	8.00%	

b) Demographic assumptions

	As at 31 March 2019	As at 31 March 2018
i) Retirement age (years)	58 years	-
ii) Mortality table	IALM (2006-08)	-
iii) Withdrawal rates (p.a.)	4.00%	-

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 2019		As at 31 March 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(68.56)	77.05	-	-
Future salary growth (1% movement)	138.39	(118.59)	-	-
Mortality Rate (1% movement)	1.56	(1.57)	-	-
Attrition Rate (1% movement)	46.84	(51.09)	-	-

F. Expected maturity analysis of the undiscounted gratuity benefit is as follows:

Particulars	As at 31 March 2019	As at 31 March 2018
Duration of defined benefit payments		
Less than 1 year	61.90	-
Between 2 - 5 years	136.09	-
Between 5- 10 years	256.29	-
Over 10 years	637.49	-
Total	**1,091.77**	-

The weighted average duration of the defined benefit plan obligation as at 31 March 2019: 12.25 years.

Expected contribution to the post employee benefit plan during the next financial year is expected to be INR 224.23.

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 utilized 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 2019, the Company has incurred an expense on compensated absences amounting to INR 108.90 lakhs (31 March 2018 INR. Nil). 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.

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42 Related parties

A. Names of related party and nature of relationship

i. Holding company :
General Atlantic Singapore Fund Pte Ltd (W.e.f 16 November 2018)

ii. Key Management personnel (KMP)
a) V Ganesh , Chief executive officer and Managing Director
b) C Parthasarathy, Director
c) Kaushik Mazumdar, Director
d) Sandeep Achyut Naik, Director
e) Vishwanathan Mavila Nair, Director
f) Sonu Halan Bhasin, Director
g) Shantanu Rastogi, Director
h) Rajat Sood, Director

iii. Enterprises where KMP exercise significant influence
a) Karvy Stock Broking Limited,
b) Karvy Data Management Services Limited

iv. Wholly owned Subsidiaries
a) Karvy Fintech (Bahrain) W.L.L (formerly known as Karvy Computershare W.L.L)
b) Karvy Fintech (Malaysia) SDN.BHD (formerly known as Karvy Computershare (Malaysia) SDN. BHD)

B. Transactions with the related parties

Particulars	For the year ended 31 March 2019	For the period ended 31 March 2018
i) Holding Company		
General Atlantic Singapore Fund Pte Ltd		
Issue of Equity Shares at premium	41,348.74	-
ii) Enterprises controlled or jointly controlled by KMP		
Karvy Stock Broking Limited		
Internet bandwidth	8.93	-
Shared service charges	190.00	-
Fee from investor services	(6.06)	-
Reimbursement of expenses	14.01	-
Karvy Data Management Services Limited		
Rent expenses	112.21	
Professional charges	51.19	-
Fee from investor services	(4.13)	-
iii) Wholly owned subsidiaries		
Karvy Computershare (Malaysia) SDN. BHD		
Fee from investor services	429.98	-
iv) Key Management Personnel		
Remuneration paid to key managerial personnel	54.90	-
Short-term employee benefits	181.32	-

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.

C. Related party balances

Particulars	As at 31 March 2019	As at 31 March 2018
i) Enterprises controlled or jointly controlled by KMP		
Karvy Data Management Services Limited		
Trade payables	874.06	-
ii) Wholly owned subsidiaries		
Karvy Computershare (Malaysia) SDN. BHD		
Trade receivables	327.12	-
iv) Key Management Personnel		
Remuneration payable	175.00	-

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

43 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 2019	Carrying amount				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Non-current assets								
Loans	-	-	372.58	372.58	-	-	-	-
Other non-current financial assets	-	-	80.19	80.19	-	-	-	-
Current assets								
Current investments	11,050.66	-	-	11,050.66	11,050.66	-	-	11,050.66
Trade receivables	-	-	7,924.80	7,924.80	-	-	-	-
Cash and cash equivalents	-	-	1,372.80	1,372.80	-	-	-	-
Bank balances other than cash and cash equivalent	-	-	3,094.66	3,094.66	-	-	-	-
Loans	-	-	22.11	22.11	-	-	-	-
Other current financial assets	-	-	1,606.08	1,606.08	-	-	-	-
	11,050.66	-	**14,473.22**	**25,523.88**	**11,050.66**	-	-	**11,050.66**
Financial liabilities								
Non-current Borrowings	-	-	37,286.71	37,286.71	-	-	-	-
Trade payables	-	-	2,156.89	2,156.89	-	-	-	-
Other current financial liabilities	-	-	6,115.85	6,115.85	-	-	-	-
	-	-	**45,559.45**	**45,559.45**	-	-	-	-

As at 31 March 2018	Carrying amount				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Current assets								
Cash and cash equivalents	-	-	1.00	1.00	-	-	-	-
	-	-	**1.00**	**1.00**	-	-	-	-
Financial liabilities								
Current liabilities								
Trade payables	-	-	0.06	0.06	-	-	-	-
Other financial liabilities	-	-	10.75	10.75	-	-	-	-
	-	-	**10.81**	**10.81**	-	-	-	-

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 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.

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C. Fair value of financial assets and liabilities measured at amortised cost

	As at 31 March 2019		As at 31 March 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Loans	394.69	394.69	-	-
Other non current financial assets	80.19	80.19	-	-
Trade receivables	7,924.80	7,924.80	-	-
Cash and cash equivalents	1,372.80	1,372.80	1.00	1.00
Bank balances other than cash and cash equivalent	3,094.66	3,094.66	-	-
Other current financial assets	1,606.08	1,606.08	-	-
	14,473.22	**14,473.22**	**1.00**	**1.00**
Financial liabilities				
Borrowings	37,286.71	37,286.71	-	-
Trade Payables	2,156.89	2,156.89	-	-
Other current financial liabilities	6,115.85	6,115.85	-	-
	45,559.45	**45,559.45**	-	-

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:
a) Credit risk ;
b) Liquidity risk ; and
c) 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, advances, security deposits, cash and cash equivalents and deposits with banks.

a. Loans
It consists of security deposit. The security deposit pertains to rent deposit given to lessors. The Company does not expect any losses from non-performance by these counter-parties. It also consists of loans given to employees for which the Company does not expect any losses as the said loans are only given to confirmed 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 45 days. The Company review includes external ratings, customer's credit worthiness, if they are available, and in some cases bank references.

A default on a financial asset is when counterparty fails to make payments within 360 days when they fall due.

The customer base of the Company comprises of various corporate, state governments and mutual fund houses all having sound financial condition and none of these balances are credit impaired. An impairment analysis is performed at each reporting date on invoice wise receivables balances.

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.

Retention money receivable
The Company has retention money receivable from the state governments pertaining to the services rendered by the Company towards e-governance projects. The Company foresees no credit risk pertaining to those receivables as the same are sovereign backed, but assesses the same for loss in time value of money.

Investments in mutual funds
The credit risk for the investments in mutual funds is considered as negligible as the counter parties are reputable 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 2019	As at 31 March 2018
Trade receivables	7,924.80	-
Retention money receivable	724.09	-

During the year, the Company has made no write-offs of trade receivables and it does not expect to receive future cash flows or recoveries from collection of receivables previously written off. The Company's management also pursue all legal options for recovery of dues, wherever necessary, based on its internal assessment.

Refer note 13 and 17 for Reconciliation of loss allowance provision for Trade receivables and Retention money receivable.

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 2019, the Company has a net current assets of INR 15,664.80

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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 contractual interest payments and exclude the impact of netting agreements.

Particulars	Carrying amount as at 31 March 2019	Contractual cash flows				
		Total	Up to 1 year	Between 1 - 2 years	Between 2 - 5 years	More than 5 year
Non-derivative financial liabilities						
Trade payables	2,156.89	2,156.89	2,156.89	-	-	-
Borrowings (including current maturity of long-term debt and interest accrued)*	40,600.68	60,290.68	3,313.97	8,017.01	48,959.70	-
Other financial liabilities (excluding current maturity of long-term debt and interest accrued)	2,801.88	2,801.88	2,801.88	-	-	-
Total	45,559.45	65,249.45	8,272.74	8,017.01	48,959.70	-

* The contractual Cash flows includes interest obligation on borrowings

Particulars	Carrying amount as at 31 March 2018	Contractual cash flows				
		Total	Up to 1 year	Between 1 - 2 years	Between 2 - 5 years	More than 5 year
Non-derivative financial liabilities						
Trade payables	0.06	0.06	0.06	-	-	-
Other financial liabilities	10.75	10.75	10.75	-	-	-
Total	10.81	10.81	10.81	-	-	-

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.

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:

	As at 31 March 2019	As at 31 March 2018
Fixed-rate instruments		
Financial assets	3,121.47	-
Financial liabilities	40,600.68	-

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.

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 2019		As at 31 March 2018	
	Amount in FC	Amount in INR	Amount in FC	Amount in INR
Trade receivables:				
USD	8.16	565.17	-	-
CAD	0.34	17.73	-	-
AUD	0.21	10.39	-	-
GBP	0.29	25.87	-	-
MYR	19.28	327.12	-	-

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 2018				
USD (1% movement)	-	-	-	-
CAD (5% movement)	-	-	-	-
AUD (1% movement)	-	-	-	-
GBP (10% movement)	-	-	-	-
MYR (10% movement)	-	-	-	-
For the year ended 31 March 2019				
USD (1% movement)	(5.65)	5.65	(3.68)	3.68
CAD (5% movement)	(0.89)	0.89	(0.58)	0.58
AUD (1% movement)	(0.10)	0.10	(0.07)	0.07
GBP (10% movement)	(2.59)	2.59	(1.68)	1.68
MYR (10% movement)	(32.71)	32.71	(21.28)	21.28

44 **Capital management**

The Company's objectives when managing capital are to

a) safeguard their ability to continue as a going concern so that it can continue to provide return for shareholders and benefits for other stakeholders; and

b) maintain an optimal capital structure to reduce the cost of capital.

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 investment in mutual funds) divided by total 'equity' (as shown in the balance sheet). The gearing ratios were as follows:

Particulars	31 March 2019	31 March 2018
Net debt	25,082.56	-
Total equity	51,869.85	-
Net debt to equity ratio	48.36%	-

Debt covenants

Under the terms of the debentures agreement , the Company is required to comply with the following financial covenants:

a) DSCRA not less than 1.1 times during the tenure of the debentures

b) Maximum Net Debt/EBITDA not to exceed 3.75 times

The Company has complied with these covenants as at reporting period

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45 Impairment test of goodwill

During the year , the Company has recognised goodwill amounting to INR 67,491.55 arising out of the scheme of Amalgamation referred to in Note 40. Presently, the Company has not yet allocated goodwill to its operating segments considering the recent recognition of the goodwill. For the year ended 31 March 2019, the goodwill impairment has been assessed at the Company level. The recoverable amount of the Goodwill has been determined as per value in use method. using discounted cash flows. As mentioned in Note 40, the Company is amortising goodwill over a period of 10 years. However, Management has also tested goodwill for impairment even though there are no indicators of impairment.

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 period of five years, as the Company 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 Company 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 following growth and discount rates have been considered for the purpose of the impairment testing:

Particulars	As at 31 March 2019	As at 31 March 2018
Discount rate	16.00%	-
Terminal value rate	5%	-
Budgeted EBITDA growth rate	10%	-

- 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.

Based on the test performed , no impairment has been identified.

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46 Revenue from contract with customers

Type of Service	Timing of recognition	For the year ended 31 March 2019	For the period ended 31 March 2018
Fee from registrars and investor services	Over the period	13,193.68	-
Fee from registrars to the issue services	Over the period	114.71	-
Income from data processing	Over the period	1,170.69	-
Income from pension fund solutions	Over the period	35.83	-
Recoverable expenses	Over the period	1,354.36	-
Total		**15,869.27**	-

Information about geographical areas

Revenue from operations attributable to external customers	For the year ended 31 March 2019	For the period ended 31 March 2018
Within India	14,087.20	-
Outside India		
USA	962.47	-
Canada	75.64	-
Rest of World	743.96	-
Total	**15,869.27**	-

	As at 31 March 2019	As at 31 March 2018
(b) Contract balances:		
Trade receivables	7,924.80	-
Contract assets - unbilled revenue	819.82	-

	For the year ended 31 March 2019	For the period ended 31 March 2018
Reconciliation of revenue with contract price		
Contract price	16,199.38	-
Less : Adjustments for price concessions	330.11	-
Revenue from operations	**15,869.27**	-

B S R & Associates LLP CHARTERED ACCOUNTANTS

KARVY FINTECH PRIVATE LIMITED HYDERABAD

47 First time adoption of Ind AS

As stated in note 2A, these are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 2A have been applied in preparing these financial statements for the year ended 31 march 2019 including the comparative information for the year ended 31 March 2018.

In preparing its Ind AS balance sheet as at 31 March 2018, the Company has adjusted amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP). This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with previous GAAP.

A. Exemptions and exceptions availed:

In preparing these financial statements, the Company has not applied any optional exemptions and below are the details of mandatory exceptions applied.

A1. Ind AS mandatory exceptions

(i) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

A2. Ind AS mandatory exceptions

(i) Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 31 March 2018 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company has made below key estimates considered in preparation of financial statements in accordance with Ind AS that were not required under the previous GAAP:
- Fair value of financial instruments carried at fair value through profit and loss and/ or fair value through other comprehensive income
- Impairment of financial assets based on the expected credit loss model

(ii) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

KARVY FINTECH PRIVATE LIMITED HYDERABAD

Karvy Fintech Private Limited (formerly known as KCPL Advisory Services Private Limited)
Notes to standalone financial statements
(All amounts are in INR lakhs, unless otherwise stated)

47 First time adoption of Ind AS

B. Reconciliation between previous GAAP and Ind AS

(i) Reconciliation of equity

Particulars	Notes to first-time adoption	As at 31 March 2018		
		Previous GAAP	Adjustments	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment		-	-	-
Goodwill		-	-	-
Other intangible assets		-	-	-
Capital work in progress		-		-
(i) Investments in subsidiaries		-	-	-
Financial assets		-	-	-
(ii) Loans		-	-	-
(iii) Other non-current financial assets		-	-	-
Deferred tax assets (net)	2	-	3.78	3.78
Non-current tax assets	1	-	-	-
Other non-current assets		10.81	(10.81)	-
Total non-current assets		**10.81**	**(7.03)**	**3.78**
Current assets				
Financial assets				
(i) Investments		-	-	-
(ii) Trade receivables		-	-	-
(iii) Cash and cash equivalents		1.00	-	1.00
(iv) Bank balances other than cash and cash equivalents		-	-	-
(vi) Other current financial assets		-	-	-
Other current assets		-	-	-
Total current assets		**1.00**	**-**	**1.00**
Total assets		**11.81**	**(7.03)**	**4.78**
Equity				
Equity share capital		1.00	-	1.00
Other equity		-	(7.03)	(7.03)
Total equity		**1.00**	**(7.03)**	**(6.03)**
Non-current liabilities				
Financial liabilities		-	-	-
(i) Borrowings		-	-	-
Provisions		-	-	-
Other liabilities		-	-	-
Deferred tax liabilities		-	-	-
Total non-current liabilities		**-**	**-**	**-**
(3) Current liabilities				
Financial liabilities				
(i) Trade payables		0.06	-	0.06
(ii) Other current financial liabilities		10.75	-	10.75
Other current liabilities		-	-	-
Provisions		-	-	-
Current tax liabilities (net)		-	-	-
Total current liabilities		**10.81**	**-**	**10.81**
Total liabilities		**10.81**	**-**	**10.81**
Total equity and liabilities		**11.81**	**(7.03)**	**4.78**

B S R & Associates LLP CHARTERED ACCOUNTANTS

KARVY FINTECH PRIVATE LIMITED HYDERABAD

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

47 First time adoption of Ind AS

(ii) Reconciliation of total comprehensive income for the period ended 31 March 2018

Particulars	Notes to first-time adoption	Previous GAAP	Adjustments	Ind AS
Revenue				
Revenue from operations		-	-	-
Other income		-	-	-
Total Revenue from operations		-	-	-
Expenses				
Employee benefits expense		-	-	-
Depreciation and amortisation expense		-	-	-
Other expenses	1	-	10.81	10.81
Total expenses		-	**10.81**	**10.81**
Profit before tax		-	**(10.81)**	**(10.81)**
Tax expense:				
Current tax		-	-	-
Tax adjustment for earlier years		-	-	-
Deferred tax credit	2	-	(3.78)	(3.78)
Profit for the year (A)		-	**(7.03)**	**(7.03)**
Other comprehensive Income				
A. Items that will not be reclassified to profit or loss				
Remeasurement of defined benefit plans		-	-	-
Tax relating to remeasurement of defined benefit plans		-	-	-
B. Items that will be subsequently reclassified to profit or loss		-	-	-
Total Other Comprehensive Income, net of tax (B)		-	-	-
Total Comprehensive Income for the year (A + B)		-	**(7.03)**	**(7.03)**

Reconciliation of total equity as at 31 March 2018

Particulars	Notes to first-time adoption	31 March 2018
Total equity (shareholder's funds) as per previous GAAP		**1.00**
Adjustments:		
Preliminary expenses written off	1	(10.81)
Deferred tax on Ind AS Adjustments	2	3.78
Total adjustments		**(7.03)**
Total equity as per Ind AS		**(6.03)**

M.S.K.A. & Associates LLP CHARTERED ACCOUNTANTS

KARVY FINTECH PRIVATE LIMITED HYDERABAD

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

47 **First time adoption of Ind AS**
Reconciliation of total comprehensive income for year ended 31 March 2018

Particulars	Notes to first-time adoption	31 March 2018
Profit after tax under India GAAP		-
Adjustments:		
Preliminary expenses written off	1	(10.81)
Deferred tax on Ind AS Adjustments	2	3.78
Profit after tax as per Ind AS		**(7.03)**
Total Comprehensive income for the year		**(7.03)**

Impact of Ind AS adoption on the statements of cash flows for the period ended 31 March 2018

The transition from previous GAAP to Ind AS did not have a material impact on the statement of cash flows.

C. **Notes to reconciliation**

1 **Preliminary expenses**
Under Indian GAAP, preliminary expenses (share issue expenses) were treated as assets and were being amortised over a period of 5 years. However, under Ind AS, the same has been written off and charged to profit and loss.

2 **Deferred tax**
Indian GAAP required deferred tax accounting using the income statement approach, which focusses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focusses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. Also, deferred tax have been recognised on the adjustments made for transition to Ind AS.

48 **Transfer pricing**
The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Sections 92-92F of the Income-tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the domestic and international transactions entered into with the associated enterprises during the financial year and expects such records to be in existence latest by 30 November 2019, as required by law. The Management is of the opinion that its domestic and international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expenses and that of provision for taxation.

49 The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended 31 March 2019

50 The current year figures are not strictly comparable with the previous year figures as the RTA undertaking of KCL and Karvy Computershare Private Limited have been amalgamated into the Company with effect from 17 November 2018. (Refer Note 40).

As per our Report on standalone Ind AS financial statements of even date attached

for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm Registration no : 116231 W/W-100024

Akhil Kapadiya
Partner
Membership no : 212991

Place : Hyderabad
Date : 22 May 2019

for and on behalf of Board of Directors of
Karvy Fintech Private Limited
CIN : U72400TG2017PTC117649

C. Parthasarathy
Chairman
DIN:00079232

V Ganesh
Managing director & CEO
DIN:02282487

Rakesh Santhalia
CFO & Company secretary

Place : Mumbai
Date : 22 May 2019

B S R & Associates LLP
Chartered Accountants

Salarpuria Knowledge City
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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited) ("the Company"), which comprise the standalone balance sheet as at 31 March 2020, and 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 to as "the 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, 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 2020, and 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 we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone financial statements.

Emphasis of matter

We draw attention to Note 44 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 the previous year with effect from 17 November 2018. In accordance with the scheme approved by 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.

Emphasis of matter (continued)

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 is being amortised over a period of ten years as per the terms of the Scheme and is also tested for impairment every year. Such accounting treatment of this transaction is 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. Since no evaluation of the fair value of assets, liabilities and consideration as at the date of the aforesaid amalgamation has been made by the management in view of the NCLT order referred to above, the impact of this deviation cannot be determined. The effect of the aforesaid deviation in the accounting treatment continues in the financial statements of the current year.

Our opinion is not qualified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in our audit
(I) Revenue recognition	
Refer Note 2(M) and 28 to the standalone financial statements. Revenue is a key performance measure for the Company. Revenue is generated from two key services namely registry services and data processing services. Revenue is recognised as per the terms of the contract with the respective customers and when it meets the recognition criteria as per Ind AS 115 on "Revenue from contracts with customers". There exists a risk of revenue not being recognised in proportion to the service performed by the Company. Further, revenue may also be recorded in an incorrect period or on a basis which is inconsistent with the contractual terms agreed with the client. Further, the revenue recognition process of the Company is dependent on complex information technology systems.	In view of the significance of the matter we applied the following key audit procedures in this area: ➢ Performing the comparison of revenue recognition accounting policies with applicable accounting standards; ➢ Evaluating the design of controls and operating effectiveness of the relevant key controls with respect to revenue recognition; ➢ Performing substantive testing on samples selected using statistical sampling method for revenue transactions recorded during the year by testing the underlying documentation/ records; ➢ Involving our information technology specialists to test the general information technology controls and key application controls surrounding revenue recognition; ➢ Testing on a sample basis using statistical sampling method, specific revenue transactions recorded before and after the financial year end date to check revenue recognition in the correct financial period; and ➢ Carrying out year on year variance analysis on revenue recognised during the year to identify unusual variances

B S R & Associates LLP CHARTERED ACCOUNTANTS

KFIN TECHNOLOGIES PRIVATE LIMITED HYDERABAD

KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)
Independent Auditor's Report of the standalone financial statements (continued)

Key Audit Matter (continued)

Key Audit Matter	How the matter was addressed in our audit
(II) Valuation of Trade receivable Refer Note 2(N & Q), Note 13 and Note 17 to the Standalone financial statements. As at 31 March 2020, gross trade receivables of the Company amounted to INR.9,801.55 lakhs (31 March 2019: INR 9,571.69 lakhs) (including retention receivable). The details of trade receivables and their credit risk have been disclosed in Note 41 to the Standalone financial statements. The Company has created a provision on the basis of Expected Credit Loss model (ECL). The Company has measured the lifetime expected credit loss by using practical expedients. It has accordingly used a provision matrix derived by using a flow rate model to measure the expected credit losses for trade receivables. It has also considered time value of money in arriving at the loss allowance. Further, need for incremental provisions have been evaluated on a case to case basis where forward looking information on the financial health of a customer is available. The provision for impairment of trade receivables amounted to INR. 1,409.40 lakhs as at 31 March 2020 (31 March 2019: INR 922.80 lakhs). The determination of recoverability of trade receivables involves significant judgment and inherent subjectivity given uncertainty regarding the ability of the customer to settle their debts.	In view of the significance of the matter we applied the following key audit procedures in this area: ➢ Evaluating the design of controls and operating effectiveness of the relevant key controls with respect to Trade receivables; ➢ Testing the methodology used in the expected credit loss provision workings by comparing it to the requirements of Ind AS 109 on Financial Instruments. Testing the mathematical accuracy of the model used for impairment provision; ➢ Circulating trade receivable confirmations on a sample basis using statistical sampling method and also testing underlying invoices where confirmations were not received; ➢ Assessing collections subsequent to the balance sheet date; and ➢ We challenged the management on the collectability of trade receivables, adequacy of loss allowance for doubtful debts and for any known credit losses on account of the financial health of customers.

B S R & Associates LLP CHARTERED ACCOUNTANTS

KFIN TECHNOLOGIES PRIVATE LIMITED HYDERABAD

Key Audit Matter (continued)

Key Audit Matter	How the matter was addressed in our audit
(III) Impairment test of goodwill Refer Notes 2(I), Note 4, 44 and 45 to the Standalone financial statements As at 31 March 2020, the carrying value of Goodwill in the books of the Company is INR 58,369.21 lakhs (31 March 2019: INR 64,995.29 lakhs) The Company performs an impairment test of Goodwill under Ind AS 36 "Impairment of Assets" on an annual basis and whenever there is an indication of impairment. In performing the impairment test of goodwill, the Company has made several key assumptions, such as growth rates, discount rates and forecasted cash flows. There is a risk of use of inappropriate judgment in making these assumptions.	In view of the significance of the matter we applied the following key audit procedures in this area: ➢ involving our valuation specialists to assist in evaluating the discount rates used, which included comparison with the weighted average cost of capital with sector averages for the relevant markets in which the Company operates; ➢ evaluating the assumptions applied to key inputs such as sales, operating costs and long-term growth rates; ➢ performing sensitivity analysis, which included assessing the effect of possible reductions in growth rates and forecast cash flows to evaluate the impact on the currently estimated headroom; and ➢ evaluating the adequacy of the standalone financial statement disclosures, including disclosures of key assumptions, judgments and sensitivities.

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 Board of Director's report, but does not include the financial statements and our auditors' 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.

KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)
Independent Auditor's Report of the standalone financial statements (continued)

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 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.

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 in the standalone financial statements made by the Management and Board of Directors.

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

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("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.

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.

B S R & Associates LLP CHARTERED ACCOUNTANTS

KFIN TECHNOLOGIES PRIVATE LIMITED HYDERABAD

Report on Other Legal and Regulatory Requirements (continued)

d) In our opinion, the aforesaid standalone financial statements, read with the matter referred to in the 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 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 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 Auditors' 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:

i. The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its standalone financial statements - Refer Note 36(B) to the standalone financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these standalone financial statements since they do not pertain to the financial year ended 31 March 2020.

B S R & Associates LLP Chartered Accountants

KFin Technologies Private Limited Hyderabad

KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)
Independent Auditor's Report of the standalone financial statements (continued)

Report on Other Legal and Regulatory Requirements (continued)

(C) With respect to the matter to be included in the Auditors' Report under Section 197(16): In our opinion and according to the information and explanations given to us, the provisions of Section 197 are not applicable to the Company.

for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm registration number: 116231W/W- 100024

Akhil Kapadiya
Partner
Membership number: 212991
UDIN : 20212991AAAAAL6128

Place : Hyderabad
Date : 02 June 2020

KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)
Annexure A to the Independent Auditor's Report on the standalone financial statements

With reference to the Annexure A referred to in our Report of even date to the Members of KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited) ("the Company") on the standalone financial statements for the year ended 31 March 2020, we report that:

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of two years which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. Pursuant to the programme, a significant portion of the fixed assets had been physically verified by the Management during the previous year. During the current year, no physical verification has been carried out by the Management and accordingly, we are unable to comment on the discrepancies, if any, that would have been identified had such physical verification been carried out by the management.

(c) The Company does not own any immovable properties. Accordingly, the provisions of Clause (i) (c) of the Order are not applicable to the Company.

ii. The Company is engaged in the business of rendering services and it does not hold any physical inventories. Accordingly, the provisions of Clause (ii) of the Order are not applicable to the Company.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013 (the Act). Accordingly, the provisions of Clause (iii) of the Order are not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Act in respect of investments made. The Company has not given any loans, guarantees and security to any person, body corporate or parties covered under the provisions of Section 185 and 186 of the Act. Accordingly, the provisions of Clause (iv) of the Order to this extent are not applicable to the Company.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under to the extent notified. Accordingly, the provisions of Clause (v) of the Order are not applicable to the Company.

vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the services rendered by the Company. Accordingly, the provisions of Clause (vi) of the Order are not applicable to the Company.

B S R & Associates LLP Chartered Accountants

KFin Technologies Private Limited Hyderabad

vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees State Insurance, Income-tax, Cess, Goods and Service Tax and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities though there have been slight delays in few cases. Refer Note 36(B) to the standalone financial statements.

According to the information and explanations given to us on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-Tax, Cess, Goods and Service Tax and other material statutory dues were in arrears as at 31 March 2020 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 Sales tax, Duty of Customs and Duty of Excise.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no dues of Income tax, Sales tax, Goods and Service Tax and Service tax which have not been deposited with appropriate authorities on account of any dispute other than the dues of Income tax and Service Tax as set out below:

Name of statue	Nature of dues	Amount (INR in lakhs)	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994	Service tax	1,146.11 (excluding interest and penalty)	September 2004 to January 2007	Customs, Excise and Service Tax Appellate Tribunal
Income tax Act, 1961	Income taxes	47.51	2007-08	High Court of Telangana
Income tax Act, 1961	Income taxes	9.09	2015-16	The Commissioner of Income Tax(Appeal)
Income tax Act, 1961	Income taxes	10.89	2016-17	The Deputy Commissioner of Income Tax

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

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to debenture holders as at the balance sheet date. Further, the Company does not have any outstanding loans or borrowings to any financial institutions, banks or Government during the year.

ix. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause (ix) of the Order are not applicable to the Company.

B S R & Associates LLP • Chartered Accountants •

KFin Technologies Private Limited Hyderabad

KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)
Annexure A to the Independent Auditor's Report on the standalone financial statements (continued)

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. The provisions of Section 197 read with Schedule V to the Act are applicable only to public companies. Accordingly, the provisions of Clause (xi) of the Order are not applicable to the Company.

xii. The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, the provisions of Clause (xii) of the Order are not applicable to the Company.

xiii. 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 entered into transactions with related parties in compliance with the provisions of Section 177 and 188 of the Act, where applicable. The details of such related party transactions have been disclosed in the standalone financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly paid debentures during the year. Accordingly, the provisions of Clause (xiv) of the Order are not applicable to the Company.

xv. 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 entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause (xv) of the Order are not applicable to the Company.

xvi. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause (xvi) of the Order are not applicable to the Company.

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

Akhil Kapadiya
Partner
Membership number. 212991
UDIN : 20212991AAAAAL6128

Place : Hyderabad
Date : 02 June 2020

B S R & Associates LLP

Annexure B to the Independent Auditors' report on the standalone financial statements of KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited) for the year ended 31 March 2020.

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(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 Private Limited (formerly known as Karvy Fintech Private Limited) ("the Company") as of 31 March 2020 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 2020, 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").

Auditors' 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

B S R & Associates CHARTERED ACCOUNTANTS

KFIN TECHNOLOGIES PRIVATE LIMITED HYDERABAD

Annexure B to the Independent Auditors' report on the standalone financial statements of KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited) for the period ended 31 March 2020 (continued)

Auditors' Responsibility (continued)

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.

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 Financial Statements

A company's internal financial controls with reference to 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 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 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 Financial Statements

Because of the inherent limitations of internal financial controls with reference to 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 financial statements to future periods are subject to the risk that the internal financial controls with reference to 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: 116231W/W- 100024

Akhil Kapadiya
Partner
Membership number: 212991
UDIN : 20212991AAAAAL6128

Place : Hyderabad
Date : 02 June 2020

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

Particulars	Note	As at 31 March 2020	As at 31 March 2019
I. ASSETS			
(1) Non-current assets			
Property, plant and equipment	3	3,432.24	3,810.82
Capital work in progress		8.30	36.56
Right-of-use assets	46	3,547.32	-
Goodwill	4	58,369.21	64,995.29
Other intangible assets	5	2,892.51	801.31
Financial assets			
(i) Investments in subsidiaries	6	1,522.96	1,521.96
(ii) Loans	7	450.68	372.58
(iii) Other non-current financial assets	8	88.31	80.19
Deferred tax assets (net)	9	481.44	1,808.84
Non-current tax assets	10	3,309.67	333.32
Other non-current assets	11	36.43	70.99
Total non-current assets		74,139.07	73,831.86
(2) Current assets			
Financial assets			
(i) Investments	12	1,354.38	11,050.66
(ii) Trade receivables	13	7,668.06	7,924.80
(iii) Cash and cash equivalents	14	833.09	1,372.80
(iv) Bank balances other than cash and cash equivalents	15	283.48	3,094.66
(v) Loans	16	34.46	22.11
(vi) Other current financial assets	17	1,667.47	1,606.08
Other current assets	18	785.75	389.30
Total current assets		12,626.69	25,460.41
Total assets		86,765.76	99,292.27
II. EQUITY AND LIABILITIES			
(1) Equity			
Equity share capital	19	15,084.36	16,583.14
Other equity	20	25,846.28	35,286.71
Total equity		40,930.64	51,869.85
(2) Non-current liabilities			
Financial liabilities			
(i) Borrowings	21	34,331.17	37,286.71
(ii) Lease liabilities	46	2,761.82	-
Provisions	22	517.19	340.10
Total non-current liabilities		37,610.18	37,626.81
(3) Current liabilities			
Financial liabilities			
(i) Trade payables			
- Total outstanding dues of micro enterprises and small enterprises	23	1.99	3.41
- Total outstanding dues of creditors other than micro enterprises and small enterprises	23	2,030.78	2,153.48
(ii) Lease liabilities	46	911.99	-
(iii) Other current financial liabilities	24	3,746.58	6,052.06
Other current liabilities	25	1,115.45	1,263.01
Provisions	26	331.92	237.42
Current tax liabilities	27	86.23	86.23
Total current liabilities		8,224.94	9,795.61
Total liabilities		45,835.12	47,422.42
Total equity and liabilities		86,765.76	99,292.27
Significant accounting policies	1 & 2		

The accompanying notes are an integral part of these standalone financial statements
As per our Report on standalone financial statements of even date attached

for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm Registration no : 116231 W/W-100024

Akhil Kapadiya
Partner
Membership no : 212991

Place : Hyderabad
Date : 02 June 2020

for and on behalf of Board of Directors of
KFin Technologies Private Limited
CIN : U72400TG2017PTC117649

Vishwanathan M Nair
Director & Chairman of the Board
DIN: 02284165
Place : Mumbai
Date : 02 June 2020

V Ganesh
Managing director & Chief Executive officer
DIN:02282487
Place : Hyderabad
Date : 02 June 2020

Vivek Narayan Mathur
Chief financial officer
Place : Mumbai
Date : 02 June 2020

KFin Technologies Private Limited (formerly known as Karvy Fintech 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 2020	For the year ended 31 March 2019
Income			
I. Revenue from operations	28	44,057.60	15,869.27
II. Other income	29	764.13	219.10
III. Total Income (I+II)		44,821.73	16,088.37
IV. Expenses			
Employee benefits expense	30	18,740.48	6,309.69
Finance cost	31	5,324.18	1,907.86
Depreciation and amortisation expense	32	9,215.86	3,043.52
Other expenses	33	9,583.88	3,477.19
Total expenses (IV)		42,864.40	14,738.26
V. Profit before tax (III-IV)		1,957.33	1,350.11
VI. Tax expense:			
Current tax	35	-	271.55
Deferred tax expenses	35	1,369.95	230.26
		1,369.95	501.81
VII. Profit for the year (V-VI)		587.38	848.30
VIII. Other comprehensive income			
A. Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plans		(169.05)	79.81
Income tax relating to remeasurement of defined benefit plans	35	42.55	(27.89)
B. Items that will be subsequently reclassified to profit or loss		-	-
Total other comprehensive income for the year, net of tax (VIII)		(126.50)	51.92
IX. Total Comprehensive Income for the year (VII+VIII)		460.88	900.22
X. Earnings per equity share (face value of INR 10 each, fully paid-up)			
Basic	34	0.37	1.38
Diluted		0.37	1.38
Significant accounting policies	1 & 2		

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

As per our Report on standalone financial statements of even date attached

for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm Registration no : 116231 W/W-100024

Akhil Kapadiya
Partner
Membership no : 212991

Place : Hyderabad
Date : 02 June 2020

for and on behalf of Board of Directors of
KFin Technologies Private Limited
CIN : U72400TG2017PTC117649

Vishwanathan M Nair
Director & Chairman of the Board
DIN: 02284165
Place : Mumbai
Date : 02 June 2020

V Ganesh
Managing director & Chief Executive officer
DIN:02282487
Place : Hyderabad
Date : 02 June 2020

Vivek Narayan Mathur
Chief financial officer
Place : Mumbai
Date : 02 June 2020

KFin Technologies Private Limited (formerly known as Karvy Fintech 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	Share based payment reserve	Other comprehensive income	
Opening Balance as at 1 April 2018	1.00	-	-	-	-	(7.03)	-	-	(7.03)
Issue of equity shares	16,583.14	35,765.60	1.00	-	-	-	-	-	35,766.60
Commission paid on issue of shares, (net of tax)	-	(1,373.08)	-	-	-	-	-	-	(1,373.08)
Profit for the year	-	-	-	-	-	848.30	-	-	848.30
Transfer to DRR	-	-	-	-	750.00	(750.00)	-	-	-
Cancellation of equity shares	(1.00)	-	-	-	-	-	-	-	-
Remeasurement of defined benefit obligation (net of tax)	-	-	-	-	-	-	-	51.92	51.92
Balance as at 31 March 2019	16,583.14	34,392.52	1.00	-	750.00	91.27	-	51.92	35,286.71
Created during the year (Refer Note 19 and 20)	-	-	-	1,498.78	-	-	-	-	1,498.78
Utilised towards buy back of equity shares and creation of Capital redemption reserve (Refer Note 19 and 20)	-	(11,128.47)	-	-	-	-	-	-	(11,128.47)
Taxes paid on buy back of equity shares	-	(439.72)	-	-	-	-	-	-	(439.72)
Share based payments (Refer Note 49)	-	-	-	-	-	-	168.10	-	168.10
Profit for the year	-	-	-	-	-	587.38	-	-	587.38
Buy-back of equity shares (Refer Note 19)	(1,498.78)	-	-	-	-	-	-	-	-
Remeasurement of defined benefit obligation (net of tax)	-	-	-	-	-	-	-	(126.50)	(126.50)
Balance as at 31 March 2020	15,084.36	22,824.33	1.00	1,498.78	750.00	678.65	168.10	(74.58)	25,846.28

The accompanying notes are an integral part of these standalone financial statements
As per our Report on standalone financial statements of even date attached

for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm Registration no : 116231 W/W-100024

Akhil Kapadiya
Partner

Membership no : 212991

Place : Hyderabad
Date : 02 June 2020

for and on behalf of Board of Directors of
KFin Technologies Private Limited
CIN : U72400TG2017PTC117649

Vishwanathan M Nair
Director & Chairman of the Board
DIN: 02284165

Place : Mumbai
Date : 02 June 2020

V Ganesh
Managing director & Chief Executive officer
DIN:02282487

Place : Hyderabad
Date : 02 June 2020

Vivek Narayan Mathur
Chief financial officer

Place : Mumbai
Date : 02 June 2020

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

	Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
A.	**Cash flows from operating activities**		
	Net profit before tax	1,957.33	1,350.11
	Adjustment for:		
	Depreciation and amortisation expense	8,421.24	3,043.52
	Amortisation expense on right of use asset	794.62	-
	Profit on sale of property plant & equipment	(13.01)	-
	Interest income on deposits	(94.17)	(117.37)
	Dividend income from current investments and subsidiary	(575.81)	(89.93)
	Unwinding of discount on deposits	(15.85)	-
	Liabilities no longer required written back	(29.85)	(6.50)
	Foreign exchange (gain)/ loss (net)	(35.44)	26.79
	Interest expense	5,318.66	1,907.86
	Provision for doubtful debts	486.60	22.40
	Share based payment	168.10	-
	Operating profit before working capital changes	16,382.42	6,136.88
	Working capital adjustments:		
	(Increase)/ decrease in trade receivables	(194.42)	462.73
	(Increase)/ decrease in other current financial assets	(61.39)	1,739.69
	(Increase)/ decrease in loans	(135.49)	815.64
	(Increase)/ decrease in other non- current financial assets	(0.09)	33.47
	(Increase)/ decrease in other assets	(361.89)	70.63
	Decrease in trade payables	(94.27)	(861.70)
	Decrease in other current financial liabilities	(2,277.21)	(983.64)
	(Decrease)/ increase in other current liabilities	(147.56)	232.58
	Increase in current provisions	102.54	59.55
	Cash generated from operations	13,212.64	7,705.83
	Income taxes paid (including tax deducted at source)	(2,976.35)	(1,824.14)
	Net cash generated from operating activities (A)	10,236.29	5,881.69
B.	**Cash flow from investing activities**		
	Purchase of property, plant and equipment, goodwill and intangible assets (including capital work-in-progress)	(740.06)	(520.05)
	Acquisition of business (Refer Note 45)	(2,653.35)	-
	Investment in subsidiaries	(1.00)	(81,319.60)
	Fixed deposits redeemed/ (placed) with banks (other than cash and cash equivalents)	2,803.15	(893.81)
	Proceeds from redemption of mutual funds	9,696.28	7,541.32
	Purchase of mutual funds	-	(11,400.00)
	Interest income	94.17	117.37
	Dividend income from mutual funds and subsidiary	575.81	89.93
	Net cash generated from/ (used in) investing activities (B)	9,775.00	(86,384.84)
C.	**Cash flows from financing activities**		
	Proceeds from issue on non-convertible debentures	-	40,000.00
	Proceeds from issue of equity shares at premium	-	41,348.74
	Commission paid on issue of shares	-	(2,110.61)
	Lease liabilities	(857.77)	-
	Buy-back of equity shares including taxes paid	(11,568.19)	-
	Processing fees paid on issue of non-convertible debentures	-	(1,198.69)
	Repayment of installments of debentures	(1,600.00)	-
	Interest paid on debentures	(6,525.04)	(108.48)
	Net cash (used in)/ generated from financing activities (C)	(20,551.00)	77,930.96
D.	**Net decrease in cash and cash equivalents (A+B+C)**	(539.71)	(2,572.19)
	Cash and cash equivalents at the beginning of the year	1,372.80	1.00
	Cash and cash equivalents transferred pursuant to scheme of amalgamation (Refer Note 44)	-	3,943.99
	Cash and cash equivalents at the end of the year	833.09	1,372.80
E.	**Reconciliation of Cash and Cash equivalents with the Balance Sheet (Refer Note 14)**		
	Cash on hand	0.84	0.81
	Balance with banks:		
	(i) in current accounts	832.25	1,371.99
		833.09	1,372.80

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.

2) Refer Note 21 for reconciliation between the opening and closing balances in the balance sheet for liabilities and financial assets arising from financing activities.

3) As indicated in Note 44, the RTA undertaking of KCL and KCPL were amalgamated into the Company with effect from 17 November 2018. The above cash flow statement for the previous year has been adjusted for the effect of the amalgamation.

As per our Report on standalone financial statements of even date attached

for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm Registration no : 116231 W/W-100024

Akhil Kapadiya
Partner

Membership no : 212991

Place : Hyderabad
Date : 02 June 2020

for and on behalf of Board of Directors of
KFin Technologies Private Limited
CIN : U72400TG2017PTC117649

Vishwanathan M Nair
Director & Chairman of the Board
DIN: 02284165

Place : Mumbai
Date : 02 June 2020

V Ganesh
Managing director & Chief Executive officer
DIN:02282487

Place : Hyderabad
Date : 02 June 2020

Vivek Narayan Mathur
Chief financial officer

Place : Mumbai
Date : 02 June 2020

1. Reporting entity

KFin Technologies Private Limited ("the Company") was incorporated on 08 June 2017 at Hyderabad, India. The Company's registered office is at Karvy 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.

2. Significant Accounting Policies

A. Basis of preparation

The standalone financial statements the Company comply in all material aspects with Indian Accounting Standards ("Ind AS") as prescribed under Section 133 of the Companies Act, 2013 ("the Act"), as notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and other relevant provisions of the Act.

These standalone financial statements were authorised for issue by the Board of Directors on 2 June 2020.

B. Functional and presentation currency

These standalone financial statements 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.

C. Basis of measurement

The standalone financial statements 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

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 statements 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).

B S R & Associates LLP CHARTERED ACCOUNTANTS

D. Use of judgments and estimates

In preparing these standalone financial statements, 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 statements 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.

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 statements have been given below:

- Note M - revenue recognition
- Note Q - classification of financial assets: assessment of business model within which the assets 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.

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 statements for the 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 includes 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 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 R)

- *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 G)

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D. Use of judgments and estimates

- *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 Q)

- *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 P)

- *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 Q)

- *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 J).

E. 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.

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

F. Change in significant accounting policies

The Company applied Ind AS 116 Leases from 1 April 2019 using the modified retrospective approach and has measured the Right of Use Asset at an amount equal to the Lease Liability adjusted for accruals and prepayments recognised in the balance sheet immediately before the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset equal to the lease liability. Comparatives as at and for the year ended 31 March 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our standalone financial statements for year ended 31 March 2019.

i. Definition of lease

Previously, the Company determined at contract inception whether an arrangement is or contains a lease under Ind AS 17. Under Ind AS 116, the Company assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 3.1(i). On transition to Ind AS 116, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied Ind AS 116 only to contracts that were previously identified as leases. Contracts that were not identified as leases under Ind AS 17 were not reassessed for whether there is a lease. Therefore, the definition of a lease under Ind AS 116 was applied only to contracts entered into or changed on or after 1 April 2019.

ii. As a lessee

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under Ind AS 116, 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 transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 April 2019. Right-of-use assets are measured at their carrying amount as if Ind AS 116 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application.

The Company used the following practical expedients when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17.

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

The lease payments for operating leases as per Ind AS 17 Leases, were earlier reported under cash flow from operating activities. The cash payments for the principal portion of the lease liability and its related interest is classified within financing activities. Payments for short-term leases, leases of low-value assets and variable lease payments not included in the measurement of the lease liability are presented within operating activities.

G. Property, plant and equipment

Recognition and measurement

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 items (major components) of property, plant and equipment.

Any gain or loss on disposal of property, plant and equipment is recognised in Statement of Profit and loss.

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.

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Asset category	Estimated useful life (Years)
Computer software	3-6
Plant and machinery	5-15
Electrical installations	10
Furniture and fixtures	10
Computers	3
Office equipment	5
Vehicles	5

H. Intangible assets

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

Intangible assets are amortised in the 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 are amortised on straight line basis. The estimated useful lives are as follows:

Asset category	Estimated useful life (Years)
Computer software	3-6
Customer relationships	5

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.

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 44). 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.

ii) Goodwill generated through Business Transfer Agreement (Refer Note 45) 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 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 group of assets that generates the cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a Cash generating unit (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 Statement of Profit and Loss.

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K. 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 statement of profit and 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 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's contribution towards employee provident fund to Government administered provident fund scheme is considered as a defined contribution plan and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

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. The Company makes specified monthly contributions towards Government administered Provident Fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

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 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.

L. Employee benefits (continued)

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 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 less the fair value of the plan assets, if any out of which the obligations are expected to be settled. 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 Statement of Profit and Loss in the period in which they occur.

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 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.

Recoverable expenses represents expenses incurred in relation 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. Revenue (continued)

Income from interest on deposits and interest bearing securities is recognised on a time proportion basis taking into account the amount outstanding and the effective interest rate.

Dividends are recognised in 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. 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.

O. Investment in Subsidiaries

Investments in subsidiaries are carried at amortised cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts are recognised in the Statement of Profit and Loss.

P. 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, taking into account 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 statements 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 recognizes any impairment loss on the assets associated with that contract.

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Q. Financial instruments

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 recognise financial assets on the date on which they are originated. The company recognises the 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 though 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 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 income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Q. 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 profit or loss.

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

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

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.

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.

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Q. Financial instruments (continued)

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.

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:

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Q. Financial instruments (continued)

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 statement of profit and 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 profit or loss.

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 statement of profit or loss.

Derecognition of financial liabilities

The company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

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 realize the asset and settle the liability simultaneously ('the offset criteria').

R. 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 realize the asset and settle the liability on a net basis or simultaneously.

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R. Income taxes (continued)

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.

Minimum Alternative Tax (MAT) is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset, the said asset is created by way of credit to the standalone statement of profit and loss and included in deferred tax assets. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

S. Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

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S. Leases (continued)

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

The entity has adopted Ind AS 116, Leases in the current year. Accordingly, entity has recognised a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The Company has recognised a depreciation charge for right-of-use assets and interest expense on lease liabilities.

The Company has adopted the standard on 01 April 2019 by using the modified retrospective approach and accordingly comparatives for the year ended 31 March 2019 will not be retrospectively adjusted. The Company applied the practical expedient to grandfather the definition of a lease on transition.

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.

In accordance with Ind AS 108- "Operating Segment", segment information has been furnished in the standalone financial statements. Hence, no disclosure is included in this regard in these standalone financial statements

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 later.

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/ consideration paid 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. Acquisition related costs are expensed as incurred.

In case of business combinations taking place under a scheme of amalgamation approved by the Hon'ble Courts in India or the National Company Law Tribunal (NCLT), the accounting treatment as specified in the Court order or NCLT order is followed for recording such business combination.

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. Recent accounting pronouncements

Ministry of Corporate Affairs ('MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2020.

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3 Property, plant and equipment

	Leasehold improvements	Computers and other related assets	Furniture and fixtures	Office equipment	Plant and Machinery	Vehicles	Total
Gross carrying amount							
Balance as at 1 April 2018	-	-	-	-	-	-	-
Acquisition through business combinations (Refer Note 44)	1,592.44	1,841.55	196.17	363.27	70.82	98.90	4,163.15
Additions	-	103.01	-	11.32	-	20.00	134.33
Disposals	-	-	-	-	-	-	-
Balance as at 31 March 2019	**1,592.44**	**1,944.56**	**196.17**	**374.59**	**70.82**	**118.90**	**4,297.48**
Balance as at 1 April 2019	1,592.44	1,944.56	196.17	374.59	70.82	118.90	4,297.48
Acquisitions through business combinations (Refer Note 45)	-	298.38	3.24	9.17	0.26	-	311.05
Additions	23.31	544.55	1.50	27.04	1.61	15.00	613.01
Reclassifications*	(0.31)	(82.33)	13.69	(31.16)	0.34	-	(99.77)
Disposals	-	(1.54)	-	(0.21)	-	(20.19)	(21.94)
Balance as at 31 March 2020	**1,615.44**	**2,703.62**	**214.60**	**379.43**	**73.03**	**113.71**	**5,099.83**
Accumulated depreciation							
Balance as at 1 April 2018	-	-	-	-	-	-	-
Depreciation for the year	129.45	261.48	12.10	71.05	2.38	10.20	486.66
Disposals	-	-	-	-	-	-	-
Balance as at 31 March 2019	**129.45**	**261.48**	**12.10**	**71.05**	**2.38**	**10.20**	**486.66**
Balance as at 1 April 2019	129.45	261.48	12.10	71.05	2.38	10.20	486.66
Depreciation for the year	352.06	678.98	36.04	127.40	7.64	31.59	1,233.71
Reclassifications*	-	(21.60)	0.10	(26.47)	0.33	-	(47.64)
Disposals	-	(0.29)	-	(0.02)	-	(4.83)	(5.14)
Balance as at 31 March 2020	**481.51**	**918.57**	**48.24**	**171.96**	**10.35**	**36.96**	**1,667.59**
As at 31 March 2020	**1,133.93**	**1,785.05**	**166.36**	**207.47**	**62.68**	**76.75**	**3,432.24**
As at 31 March 2019	1,462.99	1,683.08	184.07	303.54	68.44	108.70	3,810.82

*During the year, the management has reclassified certain assets between various asset categories to ensure consistent classification.

Note:
Refer note 21 for the details of property, plant and equipment that has been pledged as security

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4 Goodwill

Gross carrying amount	
Balance as at 1 April 2018	-
Acquisitions through business combinations (Refer Note 44)	67,491.55
Deletions	-
Balance as at 31 March 2019	**67,491.55**
Balance as at 1 April 2019	67,491.55
Acquisitions through business combinations (Refer Note 45)	136.01
Deletions	-
Balance as at 31 March 2020	**67,627.56**
Accumulated amortisation	
Balance as at 1 April 2018	-
Amortisation for the year (Refer Note 44)	2,496.26
Deletions	-
Balance as at 31 March 2019	**2,496.26**
Balance as at 1 April 2019	2,496.26
Amortisation for the year (Refer Note 44)	6,762.09
Deletions	-
Balance as at 31 March 2020	**9,258.35**
Carrying amounts (net)	
At 31 March 2020	**58,369.21**
At 31 March 2019	64,995.29

5 Other intangible assets

	Computer Software	Customer relationships	Total
Gross carrying amount			
Balance as at 1 April 2018	-	-	-
Acquisitions through business combinations (Refer Note 44)	482.23	-	482.23
Additions	379.68	-	379.68
Balance as at 31 March 2019	**861.91**	-	**861.91**
Balance as at 1 April 2019	861.91	-	861.91
Acquisitions through business combinations (Refer Note 45)	16.51	2,189.78	2,206.29
Reclassifications*	99.77	-	99.77
Additions	258.22	-	258.22
Balance as at 31 March 2020	**1,236.41**	**2,189.78**	**3,426.19**
Accumulated amortisation			
Balance as at 1 April 2018	-	-	-
Amortisation for the year	60.60	-	60.60
Balance as at 31 March 2019	**60.60**	-	**60.60**
Balance as at 1 April 2019	60.60	-	60.60
Amortisation for the year	255.24	170.20	425.44
Reclassifications*	47.64	-	47.64
Balance as at 31 March 2020	**363.48**	**170.20**	**533.68**
Carrying amounts (net)			
At 31 March 2020	**872.93**	**2,019.58**	**2,892.51**
At 31 March 2019	801.31	-	801.31

*During the year, the management has reclassified certain assets between various asset categories to ensure consistent classification.

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CHARTERED ACCOUNTANTS

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

	Particulars	As at 31 March 2020	As at 31 March 2019
6	**Investments in subsidiaries**		
	Unquoted equity shares at amortised cost		
	800 (31 March 2019: 800) equity shares of Karvy Fintech (Bahrain) W.L.L (formerly known as Karvy Computershare (Bahrain) W.L.L), of BHD 50 each fully paid-up	1,354.61	1,354.61
	100,000 (31 March 2019: 100,000) equity shares of Karvy Fintech (Malaysia) SDN.BHD. (formerly known as Karvy Computershare (Malaysia) SDN. BHD), MYR 1 each fully paid-up	167.35	167.35
	10,000 (31 March 2019: Nil) equity shares of KFin Services Private Limited, INR 10 each fully paid-up	1.00	-
		1,522.96	1,521.96
	Aggregate amount of un-quoted non-current investments	1,522.96	1,521.96
	Aggregate amount of impairment in value of investments	-	-
7	**Non-current loans**		
	Rental deposits	450.68	372.58
		450.68	372.58
	The Company's exposure to credit risks are disclosed in Note 41		
	Break up of security details		
	(a) Loans considered good - Secured	-	-
	(b) Loans considered good - Unsecured	450.68	372.58
	(c) Loans which have significant increase in Credit Risk	-	-
	(d) Loans - credit impaired	-	-
	Total	450.68	372.58
	Loss allowance	-	-
	Total Loans	450.68	372.58
8	**Other non-current financial assets**		
	Electricity deposits	52.43	52.43
	Telephone deposits	1.04	0.95
	Bank deposits (due to mature after 12 months from balance sheet date)*	34.84	26.81
		88.31	80.19

* represents fixed deposits amounting to INR 34.84 (31 March 2019: INR 25.55) which is not freely remissible because of contractual restrictions.
The Company's exposure to credit risks are disclosed in Note 41.

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.

	Particulars	As at 31 March 2020	As at 31 March 2019
9	**Deferred tax assets (net)**		
	Deferred tax assets		
	Provision for employee benefits and certain other liabilities	276.65	594.27
	Provision for expected credit loss on trade receivables and certain other financial assets	354.75	322.46
	Carry forward losses	3,114.07	2,338.45
	Minimum Alternate Tax credit entitlement	-	271.55
	Others	415.77	208.60
	Total deferred tax assets	4,161.24	3,735.33
	Deferred tax liabilities		
	Property, plant and equipment, Goodwill and other intangible assets	(3,463.88)	(1,926.49)
	Others	(215.92)	-
	Total deferred tax liabilities	(3,679.80)	(1,926.49)
	Deferred tax assets, net	481.44	1,808.84
10	**Non-current tax assets**		
	Advance income-tax including tax deducted at source (net of provision for tax INR 782.58; 31 March 2019: INR 782.58)	3,309.67	333.32
		3,309.67	333.32
11	**Other non-current assets**		
	Prepayments	36.43	70.99
		36.43	70.99

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

	Particulars	As at 31 March 2020	As at 31 March 2019
12	**Investments**		
	Investments in mutual funds		
	(Quoted at Fair value through Profit or Loss)		
	Nil (31 March 2019: 89,470) units of UTI Liquid Cash Plan- Regular- Daily Dividend Reinvestment Plan	-	912.10
	Nil (31 March 2019: 59,711) units of Reliance Liquid Fund- Daily Dividend Option-Liquid Plan	-	913.19
	12,128 (31 March 2019: 89,974) units of DSP Blackrock Liquidity Fund - Regular Plan -Daily Dividend	121.39	900.58
	22,310 (31 March 2019: 79,105) units of L&T Liquid Fund - Regular Liquid Daily Dividend Reinvestment Plan	227.15	800.69
	8,387 (31 March 2019: 89,910) units of TATA Liquid Fund Regular Plan - Daily Dividend	84.00	900.46
	8,193 (31 March 2019: 73,634) units of Kotak Liquid Regular Plan Daily Dividend	100.18	900.75
	11,603 (31 March 2019: 88,786) units of HDFC Liquid Fund-Regular Plan Daily Dividend Reinvestment	118.33	905.46
	Nil (31 March 2019: 902,680) units of Aditya Birla Sun life Liquid Fund-Daily Dividend-Regular Plan	-	904.86
	193,041 (31 March 2019: 707,762) units of ICICI Prudential Liquid Fund - Daily Dividend	193.33	708.09
	Nil (31 March 2019: 89,995) units of Axis Liquid Fund-Daily Dividend-Reinvestment	-	901.21
	23,957 (31 March 2019: 49,997) units of Franklin India Liquid Fund - Super Institutional Plan, Daily Dividend Plan	239.57	500.54
	Nil (31 March 2019: 89,945) units of IDFC Cash Fund - Daily Dividend	-	900.77
	Nil (31 March 2019: 20,004) units of Religare Invesco India Liquid Fund-Daily Dividend	-	200.39
	27,097(31 March 2019: 69,930) units of SBI Liquid Fund - Regular Daily Dividend	270.43	701.57
		1,354.38	**11,050.66**
	Aggregate amount of quoted current investments and market value thereof	**1,354.38**	**11,050.66**
	Aggregate amount of impairment in value of investments	-	-
	The Company's exposure to credit risk is given in Note 41		
13	**Trade receivables**		
	(Unsecured, considered good)		
	Trade receivables	8,794.13	8,402.40
	Receivables from related parties (Refer Note 40)	165.25	327.12
	Less: Loss allowance	(1,291.32)	(804.72)
		7,668.06	**7,924.80**
	Break up of security details		
	(a) Trade receivables considered good - Secured	-	-
	(b) Trade receivables considered good - Unsecured	7,668.06	7,924.80
	(c) Trade receivables which have significant increase in Credit Risk	-	-
	(d) Trade receivables - credit impaired	1,291.32	804.72
	Total	**8,959.38**	**8,729.52**
	Loss allowance	(1,291.32)	(804.72)
	Total trade receivables	**7,668.06**	**7,924.80**
	Movements in the provision for loss allowance of trade receivables are as follows:		
	Opening balance	804.72	-
	Balance transferred pursuant to business combination (Refer Note 44)	-	782.32
	Provision for loss allowance	486.60	22.40
	Closing balance	**1,291.32**	**804.72**

The Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in Note 41

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

	Particulars	As at 31 March 2020	As at 31 March 2019
14	**Cash and cash equivalents**		
	Cash on hand	0.84	0.81
	Balance with banks:		
	(i) in current accounts	832.25	1,371.99
		833.09	**1,372.80**

The Company's exposure to credit risk are disclosed in Note 41.

	Particulars	As at 31 March 2020	As at 31 March 2019
15	**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)*	283.48	3,094.66
		283.48	**3,094.66**

* Includes fixed deposits amounting to INR 271.64 (31 March 2019: INR 1,028.23) which is not freely remissible because of contractual restrictions.

The Company's exposure to credit risks are disclosed in Note 41

Particulars	As at 31 March 2020	As at 31 March 2019
Details of bank balances and deposits		
Bank balances available on demand/deposits with maturity of 3 months or less included under 'Cash and cash equivalents'	832.25	1,371.99
Bank deposits due to mature within 12 months of the reporting date included under 'Other bank balances'	283.48	-
Bank deposits due to mature after 12 months of the reporting date included under 'Other non-current financial assets' (Refer Note 8)	34.84	26.81

The Company's exposure to credit risks are disclosed in Note 41

	Particulars	As at 31 March 2020	As at 31 March 2019
16	**Current loans**		
	Loans to employees	34.46	22.11
		34.46	**22.11**
	Break up of security details		
	(a) Loans considered good - Secured	-	-
	(b) loans considered good - Unsecured	34.46	22.11
	(c) Loans which have significant increase in Credit Risk	-	-
	(d) Loans - credit impaired	-	-
	Total	**34.46**	**22.11**
	Loss allowance	-	
	Total current loans	**34.46**	**22.11**

The Company's exposure to credit risk are disclosed in Note 41.

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.

	Particulars	As at 31 March 2020	As at 31 March 2019
17	**Other current financial assets**		
	Retention money receivable	842.17	842.17
	Less: Loss allowance	(118.08)	(118.08)
		724.09	724.09
	Contract assets - unbilled revenue	886.79	819.82
	Others	56.59	62.17
		1,667.47	1,606.08

The Company's exposure to credit risks are disclosed in Note 41.

Particulars	As at 31 March 2020	As at 31 March 2019
Movements in the provision for loss allowance of trade receivables are as follows:		
Opening balance	118.08	-
Balance transferred pursuant to business combination (Refer Note 44)	-	118.08
Provision for loss allowance	-	-
Closing balance	118.08	118.08

	Particulars	As at 31 March 2020	As at 31 March 2019
18	**Other current assets**		
	Advances to vendors for supply of goods / services	157.49	47.68
	Balance with government authorities	268.92	250.19
	Prepaid expenses	298.87	77.47
	Advances to employees	60.47	13.96
		785.75	389.30

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19 Share capital

Particulars	As at 31 March 2020	As at 31 March 2019
Authorised		
176,000,000 (previous year : 176,000,000) equity shares of Rs.10 each	17,600.00	17,600.00
Issued, subscribed and paid-up		
150,843,583 (previous year : 165,831,429) equity shares of Rs.10 each, fully paid-up	15,084.36	16,583.14
	15,084.36	**16,583.14**

a. **Terms and rights attached to equity shares**

The Company has a single class equity shares having a par value of Rs. 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.

One of the shareholders of the Company has been granted call options which can be exercised upon meeting various performance and other parameters as defined in the Shareholders Agreement. Considering that these are derivatives on the Company's own equity, there is no accounting necessary in respect of these call options.

Employee Stock options:
The Company has granted certain stock options to their employees, the details of which are included in Note 49.

b. **Reconciliation of shares outstanding at the beginning and end of the period:**

Particulars	No. of shares	Amount
As at 1 April 2018	10,000	1.00
Shares issued during the year	165,831,429	16,583.14
Shares cancelled during the period *	(10,000)	(1.00)
As at 31 March 2019	165,831,429	16,583.14
Shares issued during the year	-	-
Buy back of equity shares during the year** (Refer Note 20)	14,987,846	1,498.78
As at 31 March 2020	**150,843,583**	**15,084.36**

* Pursuant to the scheme of amalgamation, the Company has cancelled 10,000 shares held by the erstwhile shareholders. During the previous year, the Company had issued 55,831,414 equity shares of INR 10 per share to General Atlantic Singapore Fund Pte Ltd ('General Atlantic") and General Atlantic had further acquired shares from certain existing shareholders, consequent to which it has become the Holding Company of KFin Technologies Private Limited. Further pursuant to scheme of amalgamation (Refer note 44) the Company had issued 110,000,015 equity shares of INR 10 each at par value to the shareholders of Karvy Consultants Limited ('KCL') in exchange of receipt of the assets and liabilities of the 'RTA undertaking of KCL.

** The Board of Directors and shareholders of the Company, vide their meetings held on 27 September 2019 and 30 September 2019 respectively, have approved the buy back of 14,987,846 equity shares of the Company at a price of INR 74.25 per equity share (including share premium of INR. 64.25 per equity share). The buy back process was completed by the Company in October 2019. Accordingly, the Company has extinguished 14,987,846 equity shares for an aggregate purchase price of INR 11,128.48. The aggregate face value of the equity shares bought back was INR 1,498.78. Accordingly, the Company has reduced share capital by INR 1,498.78 and the balance amount of INR 9,629.70 has been debited to Securities Premium Account. As per the requirements of the Companies Act, 2013, the Company has created a Capital Redemption Reserve (CRR) equal to INR 1,498.78. The CRR has been created out of the balance in the Securities Premium. The buy back tax amounting to Rs. 439.72 paid by the Company has also been debited to Securities Premium.

c. **Details of shares held by holding company**

Particulars	As at 31 March 2020		As at 31 March 2019	
	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	83.25%	138,058,092	83.25%
Total	**125,580,400**	**83.25%**	**138,058,092**	**83.25%**

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

Particulars	As at 31 March 2020		As at 31 March 2019	
	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	83.25%	138,058,092 #	83.25%
Compar Estates and Agencies Pvt Ltd	18,414,296	12.21%	20,243,944	12.21%
Total	**143,994,696**	**95.46%**	**158,302,036**	**95.46%**

e. During the five year ended on 31 March 2020, no shares were allotted as fully paid up pursuant to a contract without payment being received in cash.

f. The Company has not allotted any shares as fully paid by way of bonus shares during the five year period ended 31 March 2020 (31 March 2019 Nil).

Shares reserved for issue under Option: For details of shares reserved for issue under Employee Stock Option Scheme of the Company, Refer Note 49.

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	Particulars	Note	As at 31 March 2020	As at 31 March 2019
20	**Other equity**			
	Capital reserve	a		
	Balance at the beginning of the year		1.00	-
	Addition during the period		-	1.00
	Balance at the end of the year		1.00	1.00
	Securities premium	b		
	Balance at the beginning of the year		34,392.52	-
	Issue of shares		-	35,765.60
	Less: Commission paid on issue of shares, (net of related deferred tax)		-	(1,373.08)
	Less: Utilised towards buy back of equity shares and creation of Capital redemption reserve (Refer Note 19)		(11,128.47)	-
	Less: Taxes paid on buy back of shares (Refer Note 19)		(439.72)	-
	Balance at the end of the year		22,824.33	34,392.52
	Debenture redemption reserve (DRR)	c		
	Balance at the beginning of the year		750.00	-
	Add: Transfer from surplus in profit and loss		-	750.00
	Balance at the end of the year		750.00	750.00
	Retained earnings	d		
	At the commencement of the year		91.27	(7.03)
	Add: Profit for the year		587.38	848.30
	Less: Transfer to debenture redemption reserve		-	(750.00)
	Balance at the end of the year		678.65	91.27
	Remeasurement of defined benefit plans (Other comprehensive income)	e		
	At the commencement of the year		51.92	-
	Add: (Loss)/ profit for the year		(126.50)	51.92
			(74.58)	51.92
	Share based payment reserve	f		
	At the commencement of the year		-	
	Add: Charge for the year		168.10	
			168.10	-
	Capital redemption reserve	g		
	At the commencement of the year		-	-
	Add: Transferred during the year (Refer Note 19)		1,498.78	-
			1,498.78	-
	Total other equity		25,846.28	35,286.71

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 previous year (Refer Note 40).

(b) **Securities premium account**
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 Act, to issue bonus shares, to provide for premium on redemption of shares or debentures, write-off equity related expenses like underwriting costs etc. During the year, the Company has utilised a portion of amount for buy back of shares (including taxes paid) and creation of capital redemption reserve..

(c) **Debenture redemption reserve**
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 for the year ended 31 March 2020.

(d) **Retained earnings**
Retained earnings represents the net profits after all distributions and transfers to other reserves.

(e) **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)

(f) **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 49 for further details on these plans.

(g) **Capital redemption reserve**
Reserve created during the year on cancellation of 14,987,847 equity shares bought back under buy back plan (Refer Note 19).

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

	Particulars	As at 31 March 2020	As at 31 March 2019
21	**Non-current borrowings**		
	Non-convertible Debentures (secured)	37,531.17	38,886.71
	Less: Current maturities of long term debt (Refer note 24)	(3,200.00)	(1,600.00)
		34,331.17	37,286.71

During the previous year, 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. Transaction costs amounting to INR 1,198.69 had been netted off against the amount of Debentures. The NCDs are listed on the Bombay Stock Exchange, India with effect from 29 November 2018. The NCDs are repayable in 10 half yearly installments commencing from 30 September 2019 to 16 November 2023 and carry an interest rate of 11.5% per annum due half yearly beginning from 31 March 2019.

Particulars	Non-current borrowings	Current borrowings	Accrued interest (Refer Note 24)	Total
Net debt as at 1 April 2018	-	-	-	-
Loan drawls (in cash)/ interest accrued during the year	40,000.00	-	1,898.37	41,898.37
Loan repayments/ interest payment during the year (in cash)	-	-	-	-
Processing fees paid	(1,198.69)	-	-	(1,198.69)
Amortisation as per effective interest rate	85.40	-	(85.40)	-
Others	-	-	(99.00)	(99.00)
Net debt as at 31 March 2019	38,886.71	-	1,713.97	40,600.68
Loan drawls (in cash)/ interest accrued during the year	-	-	5,061.04	5,061.04
Loan repayments/ interest payment during the year (in cash)	(1,600.00)	-	(6,517.95)	(8,117.95)
Processing fees paid	-	-	-	-
Amortisation as per effective interest rate	244.46	-	(244.46)	(0.00)
Others	-	-	-	-
Net debt as at 31 March 2020	37,531.17	-	12.60	37,543.77

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

22	**Non-current provisions**		
	Provision for employee benefits		
	Gratuity	391.12	166.34
	Compensated absences	126.07	173.76
		517.19	340.10

Refer Note 39 for disclosure related to employee benefits.

23	**Trade payables**		
	Total outstanding dues of micro enterprises and small enterprises *	1.99	3.41
	Total outstanding dues of creditors other than micro enterprises and small enterprises	2,030.78	2,153.48
		2,032.77	2,156.89

* Refer Note 38 for disclosure relating to Micro and Small Enterprises
For details regarding trade payables due to related parties, Refer Note 40.

24	**Other current financial liabilities**		
	Current maturities of long term debt (Refer Note 21)	3,200.00	1,600.00
	Security deposit payable	32.01	1,405.45
	Employee payables	167.65	194.58
	Interest accrued and not due on non-convertible debentures (Refer Note 21)	12.60	1,713.97
	Capital creditors	85.25	12.15
	Other liabilities	249.07	1,125.91
		3,746.58	6,052.06

The Company's exposure to liquidity risks related to above financial liabilities is disclosed in Note 41.

25	**Other current liabilities**		
	Contract liabilities (Advance from customers)	261.05	337.01
	Statutory dues payable	772.58	862.21
	Contract liabilities (Unearned income)	81.82	63.79
		1,115.45	1,263.01
26	**Current provisions**		
	Provision for employee benefits:		
	Gratuity	112.29	105.21
	Compensated absences	219.63	132.21
		331.92	237.42

Refer Note 39 for disclosure related to provisions for employee benefits.

27	**Current tax liability (net)**		
	Provision for taxation	86.23	86.23
	(Net of advance tax INR 5,937.32; 31 March 2019: 5,937.32)		
		86.23	86.23

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

	Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
28	**Revenue from operations**		
	Sale of services	41,171.89	14,514.91
	Total (A)	**41,171.89**	**14,514.91**
	Other operating revenues		
	Recoverable expenses	2,885.71	1,354.36
	Total (B)	**2,885.71**	**1,354.36**
	Total (A+B)*	**44,057.60**	**15,869.27**
	*Refer Note 50		
29	**Other income**		
	Interest income from :		
	- bank deposits (carried at amortised cost)	94.17	117.37
	- unwinding of discount on deposits	15.85	5.30
	Dividend income from :		
	- current investments	320.97	89.93
	- subsidiary	254.84	-
	Profit on sale of property, plant and equipment (net)	13.01	-
	Liabilities no longer required written back	29.85	6.50
	Foreign exchange gain (net)	35.44	-
		764.13	**219.10**

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

	Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
30	**Employee benefits expense**		
	Salaries and wages	16,790.32	5,698.50
	Contribution to provident and other funds (Refer Note 39)	1,267.56	432.88
	Share based payment expenses (Refer Note 49)	168.10	-
	Staff welfare expenses	514.50	178.31
		18,740.48	6,309.69
31	**Finance cost**		
	Interest on debentures (at amortised cost)	5,068.13	1,898.37
	Unwinding of interest on lease liabilities (Refer Note 46)	250.53	-
	Other interest costs	5.52	9.49
		5,324.18	1,907.86
32	**Depreciation and amortisation expense**		
	Depreciation on property, plant and equipment	1,233.71	486.66
	Amortisation of goodwill	6,762.09	2,496.26
	Amortisation of other intangible assets	425.44	60.60
	Amortisation of right of use asset (Refer Note 46)	794.62	-
		9,215.86	3,043.52
33	**Other expenses**		
	Power and fuel	594.78	154.91
	Rent	499.24	445.03
	Repairs and maintenance:		
	- others	145.68	39.60
	Rates and taxes	40.21	146.41
	Legal and professional fee *	1,390.61	286.43
	Office maintenance	446.18	107.55
	Donations	-	5.95
	Corporate social responsibility**	27.19	-
	Loss allowance on trade receivables and other financial assets	486.60	22.40
	Printing and stationery	999.22	406.74
	Postage, courier and communication	2,673.24	942.75
	Shared services cost	221.14	143.59
	Consultancy charges	857.55	335.62
	Travelling and conveyance	662.57	232.34
	Miscellaneous expenses	17.36	4.03
	Computer maintenance charges	169.50	43.29
	Depository charges	7.11	3.05
	Claims paid	6.84	25.96
	Insurance	31.68	4.86
	Staff recruitment	81.32	18.54
	Sales promotion and advertisement	78.20	27.29
	Security services	124.10	43.22
	Bank charges	3.92	7.07
	Foreign exchange loss (net)	-	26.79
	Water charges	19.64	3.77
		9,583.88	3,477.19
	*** Payment to auditors** (included in legal and professional expenses above)		
	As auditor		
	Statutory audit	27.50	17.00
	Certification	7.50	0.65
	Others	3.00	-
	Out of pocket expenses	2.89	1.75
		40.89	19.40
	****Corporate social responsibility**		
	a) Gross amount required to be spent by the Company during the year	24.61	-
	b) Amount spent during the year (in cash) :		
	i) Construction/ acquisition of any asset	-	-
	ii) On purposes other than (i) above	27.19	-
34	**Earning per share (EPS)**		
	Profit attributable to equity shareholders (A)	587.38	848.30
	Shares		
	Number of shares at the beginning of the year	165,831,429	10,000
	Add: Equity shares issued during the year	-	165,831,429
	Shares cancelled during the year	(14,987,846)	(10,000)
	Number of shares at the end of the year	150,843,583	165,831,429
	Weighted average number of equity shares for Basic EPS (B)	158,768,663	61,341,213
	Effect of potential equity shares on employee stock options outstanding	80,375	-
	Weighted average number of equity shares for diluted EPS (C)	158,849,038	61,341,213
	Basic EPS - par value of INR 10 per share (A/B) (in INR)	0.37	1.38
	Diluted EPS - par value of INR 10 per share (A/C) (in INR)	0.37	1.38

KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)
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35 Income tax

A. Amounts recognised in the Statement of Profit and Loss

	For the year ended 31 March 2020	For the period ended 31 March 2019
Current tax expense	-	271.55
Current year	-	271.55
Deferred tax charge/ (credit)	1,369.95	230.26
Change in recognised temporary differences	1,369.95	230.26
Total tax expense	1,369.95	501.81

B. Amounts recognised in Other Comprehensive Income

	For the year ended 31 March 2020			For the period ended 31 March 2019		
	Before tax	Tax (expense)/ Income	Net of tax	Before tax	Tax (expense)/ Income	Net of tax
Remeasurement of defined benefit liability	(169.05)	42.55	(126.50)	79.81	(27.89)	51.92
	(169.05)	42.55	(126.50)	79.81	(27.89)	51.92

C. Reconciliation of effective tax rate

	For the year ended 31 March 2020	For the period ended 31 March 2019
Profit before tax from continuing operations	1,957.33	1,350.11
Enacted tax rate in India*	25.17%	34.94%
Tax using the Company's domestic tax rate	492.62	471.73
Tax effect of:		
Impact of tax exempt income	(80.78)	(31.43)
Impact of change in tax rate*	429.95	-
Permanent differences	132.58	51.56
Reversal of Minimum alternative credit entitlement*	271.55	-
Others	124.03	9.94
	1,369.95	501.80

*The Taxation Laws (Amendment) Ordinance, 2019 ('Ordinance') was promulgated on 20 September 2019. The Ordinance has amended the Income Tax Act, 1961 and Finance Act, 2019 to inter-alia provide an option to domestic companies to pay income tax at a reduced tax of 22 percent plus applicable surcharge and cess with certain conditions to be met. The Company has opted for this amendment and tax rate is calculated @ 22 plus applicable surcharge and cess. Accordingly, the unused MAT credit entitlement of INR 271.55 as at 31 March 2019 has been charged to the statement of profit and loss account as the Company is no longer entitled to it.

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

35 Income tax (Continued)

D. Movement in deferred tax balances

	As at 1 April 2019	Arising on account of business combination*	Recognised in Statement of profit and loss account	Recognised in Other Comprehensive Income	Recognised in Other equity	As at 31 March 2020
Property, plant and equipment, Goodwill and other intangible assets	(1,926.49)	-	(1,537.39)	-	-	(3,463.88)
Provision for expected credit loss on trade receivables and certain other financial assets	322.46	-	32.29	-	-	354.75
Provision for employee benefits and certain other liabilities	594.27	-	(360.17)	42.55	-	276.65
Carry forward losses	2,338.45	-	775.62	-	-	3,114.07
Minimum Alternate Tax credit entitlement	271.55	-	(271.55)	-	-	-
Others	208.60	-	(8.75)	-	-	199.85
Net deferred tax assets	1,808.84	-	(1,369.95)	42.55	-	481.44

	As at 1 April 2018	Arising on account of business combination*	Recognised in Statement of profit and loss account	Recognised in Other Comprehensive Income	Recognised in Other equity	As at 31 March 2019
Property, plant and equipment, Goodwill and other intangible assets	-	122.19	(2,048.68)	-	-	(1,926.49)
Provision for expected credit loss on trade receivables and certain other financial assets	-	314.63	7.83	-	-	322.46
Provision for employee benefits and certain other liabilities	-	885.05	(262.89)	(27.89)	-	594.27
Carry forward losses	-	-	2,338.45	-	-	2,338.45
Minimum Alternate Tax credit entitlement	-	-	271.55	-	-	271.55
Others	3.78	3.79	(536.52)	-	737.55	208.60
Net deferred tax assets	3.78	1,325.66	(230.26)	(27.89)	737.55	1,808.84

*Refer Note 44 on business combination during the previous year

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Notes to standalone financial statements
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36 Commitments, contingent liabilities and contingent assets

A. Commitments
There are no capital commitments as on balance sheet date

B. Contingent liabilities	As at 31 March 2020	As at 31 March 2019
(a) Claims against the Company not acknowledged as debts.	-	44.69
(b) Income-tax matters	67.50	47.51
(c) Service tax matters*	929.46	929.46

* During the financial year 2011-12, 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 Rs 114,611,071 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 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. The Company has evaluated the claim and based on its evaluation, the Management is confident that the demand is not tenable and the possibility of any future financial impact is remote. 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.

(d) In addition to the above, the Company is a party to certain pending cases with regulatory authorities relating to the initial public offerings 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.

(e) 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 the financial statements. The impact of the same is not ascertainable.

(f) 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 financial statements.

The Company 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 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 Company's standalone financial statements.

37 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.

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 Micro, Small and Medium Enterprises Development Act, 2006 ("the Act"). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2020 has been made in the standalone financial statements based on information received and available with the Company. Further in the view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier under the said Act.

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

Particulars	For the year ended 31 March 2020	For the period ended 31 March 2019
Principal amount remaining unpaid to any supplier as at the end of the year.	1.99	3.41
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, 2006.	-	-
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 period) but without adding the interest specified under the MSMED Act, 2006.	-	-
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, 2006.	-	-

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

39 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 Statement of Profit and Loss (included in note 30 Employee benefits expense):

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Contribution to provident fund	1,002.40	217.72
Contribution to employee state insurance	178.81	84.85

(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 inline 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:

	For the year ended 31 March 2020	For the year ended 31 March 2019
Net defined benefit liability	503.41	271.55
Current (Refer Note 26)	112.29	105.21
Non Current (Refer Note 22)	391.12	166.34

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:

Particulars	As at 31 March 2020			As at 31 March 2019		
	Defined benefit obligation	Fair value of plan assets	Net defined benefit liability/ (asset)	Defined benefit obligation	Fair value of plan assets	Net defined benefit liability/ (asset)
Balance as at beginning of the year	1,091.77	(820.22)	271.55	-	-	-
Add: Transfer on account of amalgamation (Refer Note 44)	-	-	-	1,080.18	(811.79)	268.39
Included in Standalone statement of profit or loss						
Current service cost	154.61	-	154.61	80.45	-	80.45
Interest cost	70.05	(66.87)	3.18	35.11	(26.38)	8.73
	224.66	(66.87)	157.79	115.56	(26.38)	89.18
Included in Other comprehensive income						
Remeasurement loss/ (gain)						
Actuarial loss/ (gain) arising from:						
- financial assumptions	176.26	-	176.26	(82.38)	-	(82.38)
on plan assets	-	(7.21)	(7.21)	-	2.57	2.57
	176.26	(7.21)	169.05	(82.38)	2.57	(79.81)
Others						
Contributions paid by the employer	-	-	-	-	(6.21)	(6.21)
Amount transferred pursuant to business combination (Refer Note 45)		(94.98)	(94.98)	-	-	-
Benefits paid	(86.93)	86.93	-	(21.59)	21.59	-
	(86.93)	(8.05)	(94.98)	(21.59)	15.38	(6.21)
Balance as at end of the year	1,405.76	(902.35)	503.41	1,091.77	(820.22)	271.55

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

39 Employee benefits (continued)

C. Plan assets

	As at 31 March 2020	As at 31 March 2019
Investment with Life Insurance Corporation of India	100%	100%

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. The discount rate is based upon the market yields available on government

	As at 31 March 2020	As at 31 March 2019
Discount rate (p.a.)	6.90%	7.70%
Salary increase (p.a.)	4.00%	4.00%
Expected rate of return on plan assets	8.00%	8.00%

b) Demographic assumptions

	As at 31 March 2020	As at 31 March 2019
i) Retirement age (years)	58 years	58 years
ii) Mortality table	IALM (2006-08)	IALM (2006-08)
iii) Withdrawal rates (p.a.)	1.00%	4.00%

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 2020		As at 31 March 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(116.34)	134.62	(68.56)	77.05
Future salary growth (1% movement)	167.60	(144.27)	138.39	(118.59)
Mortality Rate (1% movement)	(98.42)	(2.65)	1.56	(1.57)
Attrition Rate (1% movement)	92.59	(102.60)	46.84	(51.09)

F. Expected maturity analysis of the undiscounted gratuity benefit is as follows:

Particulars	As at 31 March 2020	As at 31 March 2019
Duration of defined benefit payments		
Less than 1 year	94.02	61.90
Between 2 - 5 years	210.06	136.09
Between 5- 10 years	341.72	256.29
Over 10 years	759.95	637.49
Total	1,405.75	1,091.77

The weighted average duration of the defined benefit plan obligation as at 31 March 2020: 11.70 years.

Expected contribution to the post employee benefit plan during the next financial year is expected to be INR 170.35

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 2020, the Company has incurred an expense on compensated absences amounting to INR 188.35 (31 March 2019 INR 108.90). 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.

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40 Related parties

A. Names of related party and nature of relationship

i. Holding company :
General Atlantic Singapore Fund Pte Ltd (w.e.f 16 November 2018)

ii. Key Management personnel (KMP)
a) V Ganesh , Chief executive officer and Managing Director
b) C Parthasarathy, Director (up to 23 November 2019)
c) Kaushik Mazumdar, Director
d) Sandeep Achyut Naik, Director
e) Vishwanathan Mavila Nair, Director
f) Sonu Halan Bhasin, Director
g) Shantanu Rastogi, Director
h) Rajath Sood, Director (up to 16 March 2020)
i) Vishesh Tayal, Director (w.e.f 24 March 2020)

iii. KMP and their relatives (upto 23 November 2019)
a) Rajat Parthasarathy
b) Adhiraj Parthasarathy

iv. Enterprises where KMP exercise significant influence (Upto 23 November 2019)
a) Karvy Stock Broking Limited
b) Karvy Data Management Services Limited
c) Compar Estates and Agencies Private Limited
d) Parthasarathy Comandur HUF

v. Wholly owned subsidiaries
a) Karvy Fintech (Bahrain) W.L.L
b) Karvy Fintech (Malaysia) SDN.BHD
c) Kfin Services Private Limited (w.e.f. 22 January 2020)

vi. Post-employment benefit plan
a) Karvy Fintech Private Limited Employees Group Gratuity Assurance scheme

B. Transactions with the related parties

Particulars	For the year ended 31 March 2020	For the period ended 31 March 2019
i) Holding company		
General Atlantic Singapore Fund Pte Ltd		
Issue of equity shares including premium	-	41,348.74
Buy back of equity shares (including taxes)	9,270.21	-
ii) Enterprises controlled or jointly controlled by KMP		
Karvy Stock Broking Limited		
Internet bandwidth	41.94	8.93
Shared service charges	163.79	190.00
Fee from investor services	(7.98)	(6.06)
Reimbursement of expenses	10.66	14.01
Karvy Data Management Services Limited		
Rent expenses	168.53	112.21
Professional charges	17.32	51.19
Fee from investor services	(5.87)	(4.13)
Reimbursement of expenses	(12.81)	-
Compar Estates and Agencies Private Limited		
Buy back of equity shares (including taxes)	1,674.99	-
Parthasarathy Comandur HUF		
Buy back of equity shares (including taxes)	180.74	-
iii) Wholly owned subsidiaries		
Karvy Computershare (Malaysia) SDN. BHD		
Fee from investor services	(642.25)	(429.98)
Karvy Fintech (Bahrain) W.L.L		
Dividend income received	(254.84)	-
KFin Services Private Limited		
Investment in equity shares	1.00	-
Reimbursement of expenses	0.92	-
iv) Key Management Personnel		
Remuneration paid	250.01	54.90
Professional fee	161.01	-
Incentives	100.00	181.32
Bonus paid	586.52	-
Share-based payment	121.15	-
Buy back of equity shares (including taxes)	149.62	-
v) Relatives of KMP		
Buy back of equity shares (including taxes)	292.62	-

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.

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

40 Related parties (continued)

C. Related party balances

Particulars	**As at 31 March 2020**	**As at 31 March 2019**
i) Enterprises controlled or jointly controlled by KMP		
Karvy Stock Broking Limited*		
Trade payables	9.92	-
Karvy Data Management Services Limited*		
Trade payables	629.28	874.06

*These parties are considered as related parties upto 23 November 2019.

ii) Wholly owned subsidiaries		
Karvy Computershare (Malaysia) SDN. BHD		
Trade receivables	165.25	327.12
KFin Services Private Limited		
Other current assets	0.92	-
iv) Key Management Personnel		
Remuneration payable	100.00	175.00
Other liabilities	16.14	16.14

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

41 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 2020	Carrying amount				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Non-current assets								
Loans	-	-	450.68	450.68	-	-	-	-
Other non-current financial assets	-	-	88.31	88.31	-	-	-	-
Current assets								
Current investments	1,354.38	-	-	1,354.38	1,354.38	-	-	1,354.38
Trade receivables	-	-	7,668.06	7,668.06	-	-	-	-
Cash and cash equivalents	-	-	833.09	833.09	-	-	-	-
Bank balances other than cash and cash equivalent	-	-	283.48	283.48	-	-	-	-
Loans	-	-	34.46	34.46	-	-	-	-
Other current financial assets	-	-	1,667.47	1,667.47	-	-	-	-
	1,354.38	**-**	**11,025.55**	**12,379.93**	**1,354.38**	**-**	**-**	**1,354.38**
Financial liabilities								
Non-current borrowings	-	-	34,331.17	34,331.17	-	-	-	-
Non-current lease liabilities	-	-	2,761.82	2,761.82				
Trade payables	-	-	2,032.77	2,032.77	-	-	-	-
Lease liabilities	-	-	911.99	911.99	-	-	-	-
Other current financial liabilities	-	-	3,746.58	3,746.58	-	-	-	-
	-	**-**	**43,784.33**	**43,784.33**	**-**	**-**	**-**	**-**

As at 31 March 2019	Carrying amount				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Non-current assets								
Loans	-	-	372.58	372.58	-	-	-	-
Other non-current financial assets	-	-	80.19	80.19	-	-	-	-
Current assets								
Current investments	11,050.66	-	-	11,050.66	11,050.66	-	-	11,050.66
Trade receivables	-	-	7,924.80	7,924.80	-	-	-	-
Cash and cash equivalents	-	-	1,372.80	1,372.80	-	-	-	-
Bank balances other than cash and cash equivalent	-	-	3,094.66	3,094.66	-	-	-	-
Current loans	-	-	22.11	22.11	-	-	-	-
Other current financial assets	-	-	1,606.08	1,606.08	-	-	-	-
	11,050.66	**-**	**14,473.22**	**25,523.88**	**11,050.66**	**-**	**-**	**11,050.66**
Financial liabilities								
Non-current borrowings	-	-	37,286.71	37,286.71	-	-	-	-
Non-current lease liabilities	-	-	-	-	-	-	-	-
Trade payables	-	-	2,156.89	2,156.89	-	-	-	-
Lease liabilities	-	-	-	-	-	-	-	-
Other financial liabilities	-	-	6,052.06	6,052.06	-	-	-	-
	-	**-**	**45,495.66**	**45,495.66**	**-**	**-**	**-**	**-**

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 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.

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

41 Financial instruments – Fair values and risk management (continued)

C. Fair value of financial assets and liabilities measured at amortised cost

	As at 31 March 2020		As at 31 March 2019	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Financial assets				
Loans	485.14	485.14	394.69	394.69
Other non current financial assets	88.31	88.31	80.19	80.19
Trade receivables	7,668.06	7,668.06	7,924.80	7,924.80
Cash and cash equivalents	833.09	833.09	1,372.80	1,372.80
Bank balances other than cash and cash equivalent	283.48	283.48	3,094.66	3,094.66
Other current financial assets	1,667.47	1,667.47	1,606.08	1,606.08
	11,025.55	**11,025.55**	**14,473.22**	**14,473.22**
Financial liabilities				
Borrowings	34,331.17	34,331.17	37,286.71	37,286.71
Trade payables	2,032.77	2,032.77	2,156.89	2,156.89
Lease liabilities	3,673.81	3,673.81	-	-
Other current financial liabilities	3,746.58	3,746.58	6,052.06	6,052.06
	43,784.33	**43,784.33**	**45,495.66**	**45,495.66**

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:
a) Credit risk ;
b) Liquidity risk ; and
c) 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, advances, security deposits, cash and cash equivalents and deposits with banks.

a. Loans
It consists of security deposit. The security deposit pertains to rent deposit given to lessors. The Company does not expect any losses from non-performance by these counter-parties. It also consists of loans given to employees for which the Company does not expect any losses as the said loans are only given to confirmed 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 45 days. The Company review includes external ratings, customer's credit worthiness, if they are available, and in some cases bank references.

A default on a financial asset is when counterparty fails to make payments within 360 days when they fall due.

The customer base of the Company comprises of various corporate, state governments and mutual fund houses all having sound financial condition and none of these balances are credit impaired. An impairment analysis is performed at each reporting date on invoice wise receivables balances.

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.

Retention money receivable
The Company has retention money receivable from the state governments pertaining to the services rendered by the Company towards e-governance projects. The Company foresees no credit risk pertaining to these receivables as the same are sovereign backed, but assesses the same for loss in time value of money.

Investments in mutual funds
The credit risk for the investments in mutual funds is considered as negligible as the counter parties are reputable 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 2020**	**As at 31 March 2019**
Trade receivables	7,668.06	7,924.80
Retention money receivable	724.09	724.09

During the year, the Company has made no write-offs of trade receivables and it does not expect to receive future cash flows or recoveries from collection of receivables previously written off. The Company's management also pursue all legal options for recovery of dues, wherever necessary, based on its internal assessment.

Refer note 13 and 17 for Reconciliation of loss allowance provision for Trade receivables and Retention money receivable.

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 2020, the Company has a net current assets of INR 7,207.14

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

41 Financial instruments – Fair values and risk management (continued)

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 contractual interest payments and exclude the impact of netting agreements.

Particulars	Carrying amount as at 31 March 2020	Contractual cash flows Total	Up to 1 year	Between 1 - 2 years	Between 2 - 5 years	More than 5 year
Non-derivative financial liabilities						
Trade payables	2,032.77	2,032.77	2,032.77	-	-	-
Borrowings (including current maturity of long-term debt and interest accrued)*	37,543.77	47,412.94	7,773.99	10,406.95	29,232.00	-
Other financial liabilities (excluding current maturity of long-term debt and interest accrued)	533.98	533.98	533.98	-	-	-
Total	**40,110.52**	**49,979.69**	**10,340.74**	**10,406.95**	**29,232.00**	-

* The contractual Cash flows includes interest obligation on borrowings

Particulars	Carrying amount as at 31 March 2019	Contractual cash flows Total	Up to 1 year	Between 1 - 2 years	Between 2 - 5 years	More than 5 year
Non-derivative financial liabilities						
Trade payables	2,156.89	2,156.89	2,156.89	-	-	-
Borrowings (including current maturity of long-term debt and interest accrued)*	40,600.88	60,290.68	3,313.97	8,017.01	48,959.70	-
Other financial liabilities (excluding current maturity of long-term debt and interest accrued)	2,738.09	2,738.09	2,738.09	-	-	-
Total	**45,495.86**	**65,185.66**	**8,208.95**	**8,017.01**	**48,959.70**	-

* 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.

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:

	As at 31 March 2020	As at 31 March 2019
Fixed-rate instruments		
Financial assets	318.32	26.81
Financial liabilities	37,543.77	40,600.68

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.

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 2020 Amount in FC	As at 31 March 2020 Amount in INR	As at 31 March 2019 Amount in FC	As at 31 March 2019 Amount in INR
Trade receivables:				
USD	9.49	715.28	8.16	565.17
CAD	0.66	35.35	0.34	17.73
AUD	0.51	23.58	0.21	10.39
GBP	0.29	27.53	0.29	25.87
MYR	5.63	98.28	19.28	327.12

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 Strengthening	Profit or loss Weakening	Equity (net of tax) Strengthening	Equity (net of tax) Weakening
For the year ended 31 March 2020				
USD (1% movement)	(7.15)	7.15	(5.35)	5.35
CAD (5% movement)	(1.77)	1.77	(1.32)	1.32
AUD (1% movement)	(0.24)	0.24	(0.18)	0.18
GBP (10% movement)	(2.75)	2.75	(2.06)	2.06
MYR (10% movement)	(9.83)	9.83	(7.35)	7.35
For the year ended 31 March 2019				
USD (1% movement)	(5.65)	5.65	(3.68)	3.68
CAD (5% movement)	(0.89)	0.89	(0.58)	0.58
AUD (1% movement)	(0.10)	0.10	(0.07)	0.07
GBP (10% movement)	(2.59)	2.59	(1.68)	1.68
MYR (10% movement)	(32.71)	32.71	(21.28)	21.28

42 Capital management
The Company's objectives when managing capital are to
a) safeguard their ability to continue as a going concern so that it can continue to provide return for shareholders and benefits for other stakeholders;
b) maintain an optimal capital structure to reduce the cost of capital; and
c) 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 for the objectives stated in a) and b) above:
Net debt (total borrowings net of cash and cash equivalents and investment in mutual funds) divided by total 'equity' (as shown in the balance sheet). The gearing ratios were as follows:

Particulars	31 March 2020	31 March 2019
Net debt	35,072.82	25,082.56
Total equity	38,512.76	51,118.85
Net debt to equity ratio	**91.07%**	**49.07%**

Debt covenants
Under the terms of the debentures agreement , the Company is required to comply with the following financial covenants:
a) DSCRA not less than 1.1 times during the tenure of the debentures.
b) Maximum Net Debt/EBITDA not to exceed 3.75 times.
The Company has complied with these covenants as at reporting period.

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 at all times. Such networth is computed based on a formula given in the SEBI guidelines as per which Networth = 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 networth, the carrying value of goodwill amounting to INR 58,369.21 that has arisen on account of the business combinations referred to in Note 44 and 45 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. The recognition of Goodwill and its amortisation over a period of 10 years is in accordance with the NCLT order referred to in Note 44. Basis such computation, the company is in compliance with the minimum net worth criteria as per aforementioned SEBI guidelines.

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

43 Impairment test of goodwill

As at 31 March 2020, the Company has recognised goodwill aggregating to INR. 58,369.21 (31 March 2019 : INR 64,995.29) referred to in Note 4, 44 and 45. Fo the year ended 31 March 2020, the goodwill impairment has been assessed at the Company level. The recoverable amount of the Goodwill has been determined as per value in use method using discounted cash flows. Management has tested goodwill for impairment even though there are no indicators of impairment.

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 period of five years, as the Company 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 Company 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 following growth and discount rates have been considered for the purpose of the impairment testing:

Particulars	As at 31 March 2020	As at 31 March 2019
Discount rate	16%	16%
Terminal value rate	5%	5%
Budgeted EBITDA growth rate for various revenue stream	5% - 20%	10%

- 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.

Based on the test performed , no impairment has been identified.

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

44 Business combination

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 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 Company with effect from 17 November 2018 in consideration of issue of 110,000,015 equity shares of Rs. 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:
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 Company to the shareholders of KCL has been recorded at par value; and
c) the difference between a) and b) above amounting to Rs. 10,937.50 has been recorded as Goodwill.

The details of the same are given in the table below:

Particulars	Amount
Book value of assets and liabilities transferred:	
Property, plant and equipment	6.15
Trade receivable	63.90
Investment in KCPL	1.32
Total assets	71.37
Current liabilities	8.87
Total liabilities	8.87
Net assets - (A)	62.50
Face value of equity shares issued to shareholders of KCL - (B)	11,000.00
Goodwill = (B) - (A)	10,937.50

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

44 Business combination (continued)

Amalgamation of KCPL into the Company

On 17th November 2018, the Company acquired a 50% stake in KCPL from an existing shareholder. The remaining 50% stake in KCPL got vested in the Company on 17th November 2018 upon the RTA Undertaking of KCL getting amalgamated into the Company. Accordingly, on 17th 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 17th November 2018.

As specified in the Scheme, the Company has accounted for the amalgamation as follows:
a) all assets and liabilities of KCPL have been recorded at their existing book values as at November 16, 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 Rs. 56,554.04 has been recorded as Goodwill.

The details of the same are given in the table below:

Particulars	Amount
Book value of assets and liabilities acquired:	
Property, plant and equipment	4,157.00
Intangible Asset	482.23
Capital work in progress	30.51
Investments in Subsidiaries	1,521.96
Deferred tax asset	1,325.66
Other non current financial assets	454.13
Non-current tax assets	40.70
Other non-current assets	79.02
Other current financial assets	25,924.20
Other current assets	451.91
Total assets (A)	**34,467.32**
Non current provisions	377.13
Current provisions	220.64
Trade payables	3,025.37
Other financial liability	3,774.76
Other current liability	957.78
Current tax liabilities (net)	1,346.09
Total liabilities (B)	**9,701.77**
Net Assets (A-B)	**24,765.55**
Calculation of goodwill	
Investment in KCPL in the books of the Company	81,319.60
Less: Net assets	24,765.55
Goodwill	56,554.05

As per the Scheme, the cumulative goodwill arising on the transaction amounting to Rs. 67,491.55 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.

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

45 The Company entered into a "Business Transfer Agreement" ('BTA') dated 7th August 2019 with Sundaram Fund Services Limited (formerly known as 'Sundaram BNP Paribas Fund Services Limited' ('SBFS')) to acquire the business of Registrar to an issue and share transfer agent for securities (including mutual fund units), back office services to alternative investment funds or private equity clients of SBFS on a slump sale basis. The business purchase was effective from 11 November 2019. Such business combination has been accounted for by the company in accordance with IndAS 103 as follows:

a) all assets and liabilities pertaining to business transferred to the Company have been recorded at their fair values as at 11 November 2019;
b) Certain assets not recorded by SBFS such as customer contracts have been recorded by the company at their fair values;
c) the purchase consideration has been recorded at fair value; and
d) the difference between the purchase consideration and the net book value of assets as per (a) and (b) above has been recorded as Goodwill.

The details of the same are given in the table below:

Particulars	Amount
Purchase consideration (A)	**2,653.35**
Fair value of identifiable assets and liabilities acquired	
Assets	
Property, plant and equipment	311.05
Intangible assets	
a) Customer contracts	2,189.78
b) Computer software	16.51
Total assets (B)	**2,517.34**
Total liabilities (C)	-
Net assets (D=B-C)	2,517.34
Goodwill (A-D)	**136.01**

The goodwill is attributable mainly to the strong customer base and the synergies expected to be achieved from integrating the target into the Company'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
Property, plant and equipment and computer software	Cost technique: The valuation model considers depreciated replacement cost when appropriate.
Customer contracts	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.

The fair value of assets and liabilities have been computed by a third party valuer vide their report dated 15 May 2020.

Pursuant to the BTA, 190 employees has been transferred from SBFS to the Company. Accordingly, compensated absences aggregating to INR 28.48 and Gratuity liability (net of fund value of assets transferred – INR 94.98) INR Nil has been transferred to the Company. The net impact on Goodwill is Nil as these liabilities are adjusted against the purchase consideration.

The business rationale of this business combination was to enable the Company to increase the market share through new customers.

The acquired business contributed revenues of INR 1,055.04 and profit before tax of INR 167.35 to the Company for the period 11 November 2019 to 31 March 2020. If the acquisitions had occurred on 1 April 2019, pro-forma revenue and profit before tax for the year ended 31 March 2020 would have been INR 45,534.56 and INR 2,306.98 respectively.

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

46 Leases

A Transition Note

The Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 'Leases' which replaces the existing lease standard, Ind AS 17 leases and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

Effective 1 April 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 1 April 2019 using the modified retrospective method and has measured the Right of Use Asset at an amount equal to the Lease Liability adjusted for accruals and prepayments recognised in the balance sheet immediately before the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the date of transition (i.e. 1 April 2019). Comparatives as at and for the year ended 31 March 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our financials statements for year ended 31 March 2019.

B Following are the changes in the carrying values of right of use assets for the year ended 31 March 2020:

Particulars	Category of ROU Assets Premises
Balance as at 1 April 2019	2,742.70
Prepayments	60.89
Additions	1,538.35
Deletions	-
Balance as at 31 March 2020	**4,341.94**
Accumulated amortisation	
Balance as at 1 April 2019	-
Depreciation charge for the year	794.62
Deletions	-
Balance as at 31 March 2020	**794.62**
Carrying amounts	
As at 1 April 2019	2,742.70
Balance as at 31 March 2020	**3,547.32**

*The aggregate depreciation expense for the year on ROU assets is included under depreciation and amortization expense in the standalone statement of profit and loss.

C The following is the rental expense recorded for short-term leases, variable leases and low value leases for the year ended 31 March 2020

Particulars	For the year ended 31 March 2020
Short- term lease expense	499.24
Low value lease expense	-
Variable lease expense	-
Total	**499.24**

D Following are the changes in the lease liabilities for the year ended 31 March 2020:

Particulars	Lease liabilities
Balance as at 1 April 2019	**2,742.70**
Additions	1,538.35
Finance cost accrued during the period	250.53
Deletions	-
Payment of lease liabilities	(857.77)
Balance as at 31 March 2020	**3,673.81**
Non-current lease liabilities	2,761.82
Current lease liabilities	911.99

E The following is the cash outflow on leases during the year ended 31 March 2020:

Particulars	For the year ended 31 March 2020
Payment of lease liabilities	634.59
Interest on lease liabilities	223.18
Short-term lease expense	-
Total cash outflow on leases	**857.77**

F The table below provides details regarding the contractual maturities of lease liabilities as at 31 March 2020 on an undiscounted basis:

Particulars	As at 31 March 2020
Less than 1 year	1,177.78
1 to 5 years	2,823.20
Over 5 years	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.

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

46 Leases (continued)

G Sensitivity analysis of discount rate:

The average incremental borrowing rate applied to lease liabilities as at 1 April 2019 is 9%. The following summarises the effect of changes in discount rate on ROU asset and lease liability as at the end of reporting period:

Change in discount rate	Change in right of use assets	Change in lease liability	Change in finance cost	Change in depreciation	Change in interest accrued
Increase of 2%	(184.00)	(144.36)	44.40	(28.24)	4.76
Decrease of 2%	197.56	154.67	(48.07)	29.88	(5.18)

47 Impact of COVID-19

In view of lockdown due to the outbreak of COVID pandemic, the operations of the Company were impacted from second half of March 2020. The duration of this lockdown is uncertain at this point in time. However, the Company's operations are being managed in compliance with the directives issued by the Government authorities. While the current situation has impacted the sales performance of the Company, the Management continues to closely monitor the situation and expects that the operations will be back to normal in due course of time. Accordingly, the company continues to prepare the financial statements on a going concern basis. As per the Management's current assessment, no significant impact is expected on the carrying amounts of inventories, intangible assets, trade receivables, investments and other financial assets and it continues to monitor changes in future economic conditions. The eventual outcome of the impact of this global health pandemic may be different from those estimated as on the date of approval of these financial results.

48 Transfer pricing

The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Sections 92-92F of the Income-tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the domestic and international transactions entered into with the associated enterprises during the financial year and expects such records to be in existence latest by 30 November 2020, as required by law. The Management is of the opinion that its domestic and international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expenses and that of provision for taxation.

49 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 and its subsidiaries under KFPL Employee Stock Option Plan 2019 ('ESOP Plan 2019'). Subsequently, the Board and Nomination and Remuneration Committee (NRC) of the Company have notified three schemes under the ESOP Plan 2019. The maximum number of shares that the Company can issue under the ESOP Plan 2019 plan are 9,593,839 equity shares. The options under these schemes vest to the employees based on various performance and other parameters. As at 31 March 2020, the Company has granted 2,735,038 (net) options to eligible employees as identified by the NRC. These options vest between a minimum of 1 to 4.65 years from the date of grant. During the year ended 31 March 2020, an amount of INR. 168.10 has been recorded as an employee cost towards these options granted with a corresponding credit to other equity .

A Description of share based payment arrangements

Particulars	Scheme A	Scheme B	Scheme C
Date of Grant	8-Aug-19	8-Aug-19	8-Aug-19
Number of options in pool	3,837,536	2,878,152	2,878,152
No of options granted	1,094,016	820,511	820,511
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
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
Exercise price	70.36	70.36	70.36

B Measurement of fair values

The fair value of the options 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	As at 31 March 2020			As at 31 March 2019		
	Scheme A	Scheme B	Scheme C	Scheme A	Scheme B	Scheme C
Fair Value of option (In INR)	33.57/ 33.52	33.57/ 33.52	33.57/ 33.52	-	-	-
Exercise price	70.36	70.36	70.36	-	-	-
Risk free interest rate	6.88%	6.88%	6.88%	-	-	-
Remaining contractual life	7/ 3 years	7/ 3 years	7/ 3 years	-	-	-
Expected life of share options (years)	8.15/7.72 years	8.15/7.72 years	8.15/7.72 years	-	-	-
Expected volatility (weighted average volatility %)	14.61%	14.61%	14.61%	-	-	-
Expected dividend yields (%)	-	-	-	-	-	-

The expected life of the share options is based on current expectations and is not necessarily indicative of exercise patterns that may occur. 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 average remaining contractual life for the stock options outstanding is 8.15 years post lock in period of 4.65 years and average life of 3.5 years from the date of listing (31 March 2019: Not applicable)

C Reconciliation of share options

	Number of options as at 31 March 2020	Number of options as at 31 March 2019
Outstanding at beginning of the year	-	-
Granted during the year	3,014,698	-
Forfeited during the year	279,660	-
Exercised during the year	-	-
Outstanding at end of the year	2,735,038	-
Exercisable at the end of the year	-	-

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

50 Revenue from contract with customers

(a)

Type of Service	Timing of recognition	For the year ended 31 March 2020	For the period ended 31 March 2019
Fee from registrars and investor services	Over the period	35,980.01	13,193.68
Fee from registrars to the issue services	Over the period	1,440.58	114.71
Income from data processing	Over the period	3,616.28	1,170.69
Income from pension fund solutions	Over the period	135.02	35.83
Recoverable expenses	Over the period	2,885.71	1,354.36
Total		**44,057.60**	**15,869.27**

(b) **Contract balances:**

	As at 31 March 2020	As at 31 March 2019
Trade receivables, net	7,668.06	7,924.80
Contract assets - unbilled revenue	886.79	819.82
Retention money receivables, net	724.09	724.09
Contract liabilities (Unearned income)	81.82	63.79

During the year ended 31 March 2020, INR 819.92 of unbilled revenue will be reclassified to trade receivables upon billing to customers.

Trade receivables are non-interest bearing and generally on terms of payment of 30-40 days.

(c) **Reconciliation of revenue with contract price**

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Contract price	43,371.39	15,379.56
Less : Adjustments for price concessions	(200.58)	(330.11)
Add : Unbilled revenue	886.79	819.82
Revenue from operations	**44,057.60**	**15,869.27**

51 As per Section 203 of the Companies Act, 2013 ('the Act') read with Rule 8 and Rule 8A of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a Company other than a company covered under Rule 8 of which has a paid up share capital of five crore rupees or more shall have a whole time company secretary. The Company secretary has resigned on 20 February 2020 and the Company is in the process of appointing a new company secretary as prescribed by the Act.

52 The previous year figures are not strictly comparable with the previous year figures as the RTA undertaking of KCL and Karvy Computershare Private Limited have been amalgamated into the Company with effect from 17 November 2018.

As per our Report on standalone financial statements of even date attached

for **B S R & Associates LLP**
Chartered Accountants
ICAI Firm Registration no : 116231 W/W-100024

Akhil Kapadiya
Partner

Membership no : 212991

Place : Hyderabad
Date : 02 June 2020

for and on behalf of Board of Directors of
KFin Technologies Private Limited
CIN : U72400TG2017PTC117649

Vishwanathan M Nair
Director & Chairman of the Board
DIN: 02284165
Place : Mumbai
Date : 02 June 2020

V Ganesh
Managing director & Chief Executive officer
DIN:02282487
Place : Hyderabad
Date : 02 June 2020

Vivek Narayan Mathur
Chief financial officer
Place : Mumbai
Date : 02 June 2020

Salarpuria Knowledge City
Orwell, B Wing, 6th Floor, Unit - 3
Sy No. 83/1, Plot No. 2, Raidurg
Hyderabad - 500 081, India.

Telephone +91 40 7182 2000
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited) ("the Company"), which comprise the standalone balance sheet as at 31 March 2021, and 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 to as "the 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, 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 2021, and loss 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 we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone financial statements.

Emphasis of matter

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 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 is being amortised over a period of ten years as per the terms of the Scheme and is also tested for impairment every year. Such accounting treatment of this transaction is 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

Emphasis of matter (continued)

requires assets, liabilities and consideration to be measured at fair value and goodwill to be tested only for impairment. Since no evaluation of the fair value of assets, liabilities and consideration as at the date of the aforesaid amalgamation has been made by the management in view of the NCLT order referred to above, the impact of this deviation cannot be determined. The effect of the aforesaid deviation in the accounting treatment continues in the financial statements of the current year.

Our opinion is not qualified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matter

Key Audit Matter	**How the matter was addressed in our audit**
I) Revenue recognition Refer Note 2(M) and 28 to the standalone financial statements. Revenue is a key performance measure for the Company. Revenue is generated from two key services namely registry services and data processing services. Revenue is recognised as per the terms of the contract with the respective customers and when it meets the recognition criteria as per Ind AS 115 on "Revenue from contracts with customers". There exists a risk of revenue not being recognised in proportion to the service performed by the Company. Further, revenue may also be recorded in an incorrect period or on a basis which is inconsistent with the contractual terms agreed with the client.	In view of the significance of the matter we applied the following key audit procedures in this area: ➢ Performing the comparison of revenue recognition accounting policies with applicable accounting standards; ➢ Evaluating the design of controls and operating effectiveness of the relevant key controls with respect to revenue recognition; ➢ Performing substantive testing on samples selected using statistical sampling method for revenue transactions recorded during the year by testing the underlying documentation/ records; ➢ Involving our information technology specialists to test the general information technology controls and key application controls surrounding revenue recognition; ➢ Testing on a sample basis using statistical sampling method, specific revenue transactions recorded before and after the financial year end date to check revenue recognition in the correct financial period; and ➢ Carrying out year on year variance analysis on revenue recognised during the year to identify unusual variances

Key Audit Matters (continued)

<table>
<tr><td>

(II) Valuation of Trade receivable

Refer Note 2 (N & Q), Note 13 and Note 17 to the Standalone financial statements.

As at 31 March 2021, gross trade receivables of the Company amounted to INR 11,436.82 lakhs (31 March 2020: INR 9,801.55 lakhs) (including retention money receivable). The details of trade receivables and their credit risk have been disclosed in Note 41 to the Standalone financial statements.

The Company has created a provision on the basis of Expected Credit Loss model (ECL). The Company has measured the lifetime expected credit loss by using practical expedients. It has accordingly used a provision matrix derived by using a flow rate model to measure the expected credit losses for trade receivables. It has also considered time value of money in arriving at the loss allowance. Further, need for incremental provisions have been evaluated on a case to case basis where forward looking information on the financial health of a customer is available.

The provision for impairment of trade receivables amounted to INR 1,443.19 lakhs as at 31 March 2021 (31 March 2020: INR 1,409.40 lakhs).

The determination of recoverability of trade receivables involves significant judgment and inherent subjectivity given uncertainty regarding the ability of the customer to settle their debts.

</td><td>

In view of the significance of the matter we applied the following key audit procedures in this area:

- Evaluating the design of controls and operating effectiveness of the relevant key controls with respect to Trade receivables;
- Testing the methodology used in the expected credit loss provision workings by comparing it to the requirements of Ind AS 109 on Financial Instruments. Testing the mathematical accuracy of the model used for impairment provision;
- Circulating trade receivable confirmations on a sample basis using statistical sampling method and also testing underlying invoices where confirmations were not received;
- Assessing collections subsequent to the balance sheet date; and
- We challenged the management on the collectability of trade receivables, adequacy of loss allowance for doubtful debts and for any known credit losses on account of the financial health of customers.

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Key Audit Matters (continued)

<table>
<tr><th>Key Audit Matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>(III) Impairment test of goodwill

Refer Notes 2(I), Note 4 and Note 43 to the Standalone financial statements

As at 31 March 2021, the carrying value of Goodwill in the books of the Company is INR 51,625.60 lakhs (31 March 2020: INR 58,369.21 lakhs)

The Company performs an impairment test of Goodwill under Ind AS 36 "Impairment of Assets" on an annual basis and whenever there is an indication of impairment.

In performing the impairment test of goodwill, the Company has made several key assumptions, such as growth rates, discount rates and forecasted cash flows.

There is a risk of use of inappropriate judgment in making these assumptions.</td><td>In view of the significance of the matter we applied the following key audit procedures in this area:

➢ involving our valuation specialists to assist in evaluating the discount rates used, which included comparison with the weighted average cost of capital with sector averages for the relevant markets in which the Company operates;
➢ evaluating the assumptions applied to key inputs such as sales, operating costs and long-term growth rates;
➢ performing sensitivity analysis, which included assessing the effect of possible reductions in growth rates and forecast cash flows to evaluate the impact on the currently estimated headroom; and
➢ evaluating the adequacy of the standalone financial statement disclosures, including disclosures of key assumptions, judgments and sensitivities.</td></tr>
<tr><td>(IV) Unauthorised transfer by a Third Party of shares issued by Client lying in an Escrow account

Refer Note 36(B)(e) to the Standalone financial statements

During the year, reconciliation was performed of shares issued by Client held in an Escrow Account with Benpos. Through this reconciliation, the Company identified certain shares had been transferred (in 2011 and 2020) from the said Escrow Account without any authorisation from the Client and without knowledge of the Company.

The Depository Participant ('DP') of the Client had transferred the shares to its own Demat account and to a Third Party's Demat account through an off-market transaction. The Company has sought clarification/ details through legal notice to the Parties involved to verify the ownership of these shares.</td><td>In view of the significance of the matter we applied the following key audit procedures in this area:
➢ Understood the matter from the Chief Financial Officer, Audit Committee Chairman and made necessary enquiries
➢ Underlying documentation such as Benpos reports, Escrow Accounts statements, legal opinion, report issued by an independent expert were tested for the positions taken by the management and read the minutes of Board meetings.
➢ Involved our internal specialists to challenge the scope and finding of the independent expert engaged by the Company to review Escrow Accounts reconciliation of other clients
➢ Read the external legal opinion sought by the Company on the matter
➢ Communicated the matter to those charged with governance</td></tr>
</table>

Key Audit Matters (continued)

Further the Company has intimated this incident to the Client, the DP and SEBI. The Company also engaged an independent expert to carry out comprehensive exercise related to other clients. This comprised reconciliation of Escrow Accounts related to other clients where Demat account is being maintained with the aforesaid DP to identify differences in the shareholding compared to Benpos. Considering significant time spent during audit, we have considered aforesaid matter as a key audit matter.	➢ Evaluated the adequacy of the disclosures made in the standalone financial statements

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 Director's Report, but does not include the financial statements and our auditors' 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, 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.

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

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.

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 in the standalone financial statements 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 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.

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

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("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.

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 the 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 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 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 Auditors' 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:

   i. The Company has disclosed the impact of pending litigations as at 31 March 2021 on its financial position in its standalone financial statements - Refer Note 36(B) to the standalone financial statements;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and

KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)
Independent Auditor's Report of the standalone financial statements (continued)

Report on Other Legal and Regulatory Requirements (continued)

iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2021.

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

The Company is a Private Limited Company; accordingly, the matter to be included in the Auditor's Report under Section 197(16) is not applicable to the Company.

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

Arpan Jain
Partner
Membership number: 125710
UDIN: 21125710AAAABI1042

Place: Hyderabad
Date: 24 June 2021

KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)
Annexure A to the Independent Auditor's Report on the standalone financial statements

With reference to the Annexure A referred to in our Report of even date to the Members of KFin Technologies Private Limited ("the Company") on the standalone financial statements for the year ended 31 March 2021, we report that:

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of two years which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. Pursuant to the programme, a significant portion of the fixed assets had been physically verified by the Management during the year.

(c) The Company does not own any immovable properties. Accordingly, the provisions of Clause (i) (c) of the Order are not applicable to the Company.

ii. The Company is engaged in the business of rendering services and it does not hold any physical inventories. Accordingly, the provisions of Clause (ii) of the Order are not applicable to the Company.

iii. In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013 (the Act). Accordingly, the provisions of Clause (iii) of the Order are not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Act in respect of investments made. The Company has not given any loans, guarantees and security to any person, body corporate or parties covered under the provisions of Section 185 and 186 of the Act. Accordingly, the provisions of Clause (iv) of the Order to this extent are not applicable to the Company.

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under to the extent notified. Accordingly, the provisions of Clause (v) of the Order are not applicable to the Company.

vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the services rendered by the Company. Accordingly, the provisions of Clause (vi) of the Order are not applicable to the Company.

vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Employees State Insurance, Income-tax, Cess, Goods and Service Tax and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities though there have been delays ranging from 1 to 30 days in case of Provident Fund and Professional tax.

According to the information and explanations given to us on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-Tax, Cess, Goods and Service Tax and other material statutory dues were in arrears as at 31 March 2021 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 and Duty of excise.

KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)
Annexure A to the Independent Auditor's Report on the standalone financial statements (continued)

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no dues of Sales tax and Goods and Service Tax which have not been deposited with appropriate authorities on account of any dispute other than the dues of Income tax and Service tax as set out below:

Name of statue	Nature of dues	Amount (INR in lakhs)	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994	Service tax	1,146.11 (excluding interest and penalty)	September 2004 to January 2007	Customs, Excise and Service Tax Appellate Tribunal
Income tax Act, 1961	Income taxes	47.51	2007-08	High Court of Telangana
Income tax Act, 1961	Income taxes	9.09	2015-16	The Commissioner of Income Tax (Appeal)
Income tax Act, 1961	Income taxes	10.89	2016-17	The Deputy Commissioner of Income Tax
Income tax Act, 1961	Income taxes	31.06	2018-19	The Deputy Commissioner of Income Tax

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

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to debenture holders as at the balance sheet date. Further, the Company does not have any outstanding loans or borrowings to any financial institutions, banks or Government during the year.

ix. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause (ix) of the Order are not applicable to the Company

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. The provisions of Section 197 read with Schedule V to the Act are applicable only to public companies. Accordingly, the provisions of Clause (xi) of the Order are not applicable to the Company.

xii. The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, the provisions of Clause (xii) of the Order are not applicable to the Company.

KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)
Annexure A to the Independent Auditor's Report on the standalone financial statements (continued)

xiii. 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 entered into transactions with related parties in compliance with the provisions of Section 177 and 188 of the Act, where applicable. The details of such related party transactions have been disclosed in the standalone financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act, Read with Rule 7 of the Companies (Accounts) Rules, 2014.

xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly paid debentures during the year. Accordingly, the provisions of Clause (xiv) of the Order are not applicable to the Company.

xv. 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 entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause (xv) of the Order are not applicable to the Company.

xvi. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause (xvi) of the Order are not applicable to the Company.

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

Arpan Jain
Partner
Membership number: 125710
UDIN: 21125710AAAABI1042

Place: Hyderabad
Date: 24 June 2021

Annexure B to the Independent Auditors' report on the standalone financial statements of KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited) for the year ended 31 March 2021

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(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 Private Limited (formerly known as Karvy Fintech Private Limited) ("the Company") as of 31 March 2021 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 2021, 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.

Annexure B to the Independent Auditor's report on the standalone financial statements of KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited) for the year ended 31 March 2021 (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 Financial Statements

A company's internal financial controls with reference to 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 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 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 Financial Statements

Because of the inherent limitations of internal financial controls with reference to 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 financial statements to future periods are subject to the risk that the internal financial controls with reference to 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: 116231W/W- 100024

Arpan Jain
Partner
Membership number: 125710
UDIN: 21125710AAAABI1042

Place: Hyderabad
Date: 24 June 2021

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

Particulars	Note	As at 31 March 2021	As at 31 March 2020
I. ASSETS			
(1) Non-current assets			
Property, plant and equipment	3	2,843.08	3,432.24
Right-of-use assets	46	3,317.27	3,547.32
Goodwill	4	51,625.60	58,369.21
Other intangible assets	5	4,280.21	2,892.51
Intangible assets under development	5	251.15	8.30
Financial assets			
(i) Investments in subsidiaries	6	1,522.96	1,522.96
(ii) Loans	7	457.15	450.68
(iii) Other non-current financial assets	8	63.04	88.31
Deferred tax assets (net)	9	-	481.44
Non-current tax assets	10	3,395.66	3,309.67
Other non-current assets	11	218.47	36.43
Total non-current assets		**67,974.59**	**74,139.07**
(2) Current assets			
Financial assets			
(i) Investments	12	9,490.92	1,354.38
(ii) Trade receivables	13	9,993.63	7,668.06
(iii) Cash and cash equivalents	14	1,471.44	833.09
(iv) Bank balances other than cash and cash equivalents	15	54.34	283.48
(v) Loans	16	26.88	34.46
(vi) Other current financial assets	17	2,019.37	1,667.47
Other current assets	18	872.17	785.75
Total current assets		**23,928.75**	**12,626.69**
TOTAL ASSETS		**91,903.34**	**86,765.76**
II. EQUITY AND LIABILITIES			
(1) Equity			
Equity share capital	19	15,084.36	15,084.36
Other equity	20	19,272.08	25,846.28
Total equity		**34,356.44**	**40,930.64**
(2) Non-current liabilities			
Financial liabilities			
(i) Borrowings	21	29,388.97	34,331.17
(ii) Lease liabilities	46	2,603.83	2,761.82
Provisions	22	749.27	517.19
Deferred tax liabilities	9	12,495.81	-
Total non-current liabilities		**45,237.88**	**37,610.18**
(3) Current liabilities			
Financial liabilities			
(i) Trade payables	23		
- Total dues of micro enterprises and small enterprises		30.50	1.99
- Total dues of creditors other than micro enterprises and small enterprises		2,419.09	2,030.78
(ii) Lease liabilities	46	981.38	911.99
(iii) Other current financial liabilities	24	7,186.87	3,746.58
Other current liabilities	25	1,265.79	1,115.45
Provisions	26	289.54	331.92
Current tax liabilities	27	135.85	86.23
Total current liabilities		**12,309.02**	**8,224.94**
Total liabilities		**57,546.90**	**45,835.12**
TOTAL EQUITY AND LIABILITIES		**91,903.34**	**86,765.76**
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 **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 Private Limited
CIN: U72400TG2017PTC117649

Arpan Jain
Partner
Membership No.: 125710

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: Hyderabad
Date: 24 June 2021

Place: Mumbai
Date: 24 June 2021

Place: Hyderabad
Date: 24 June 2021

Place: Mumbai
Date: 24 June 2021

Place: Thane
Date: 24 June 2021

KFin Technologies Private Limited (formerly known as Karvy Fintech 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 2021	For the year ended 31 March 2020
Income			
I. Revenue from operations	28	47,178.96	44,057.60
II. Other income	29	469.12	764.13
III. Total Income (I+II)		**47,648.08**	**44,821.73**
IV. Expenses			
Employee benefits expense	30	18,358.64	18,740.48
Finance cost	31	5,191.27	5,324.18
Depreciation and amortisation expense	32	9,791.28	9,215.86
Other expenses	33	7,866.01	9,583.88
Total expenses (IV)		**41,207.20**	**42,864.40**
V. Profit before tax (III-IV)		**6,440.88**	**1,957.33**
VI. Tax expense:			
Current tax	35	207.00	-
Deferred tax expenses	35	12,965.28	1,369.95
		13,172.28	**1,369.95**
VII. (Loss)/ profit for the year (V-VI)		**(6,731.40)**	**587.38**
VIII. Other comprehensive income			
A. Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plans		47.57	(169.05)
Income tax relating to remeasurement of defined benefit plans		(11.97)	42.55
Total other comprehensive income for the year, net of tax (VIII)		**35.60**	**(126.50)**
IX. Total comprehensive (loss)/ income for the year (VII+VIII)		**(6,695.80)**	**460.88**
X. Earnings per equity share (face value of INR 10 each, fully paid-up)	34		
Basic		(4.46)	0.37
Diluted		(4.46)	0.37
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 **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 Private Limited
CIN: U72400TG2017PTC117649

Arpan Jain
Partner
Membership No.: 125710

Place: Hyderabad
Date: 24 June 2021

Vishwanathan M Nair
Chairman
DIN: 02284165

Place: Mumbai
Date: 24 June 2021

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

Place: Hyderabad
Date: 24 June 2021

Vivek Narayan Mathur
Chief Financial Officer
Membership No.: A089454

Place: Mumbai
Date: 24 June 2021

Alpana Uttam
Company Secretary
Membership No.: F10191

Place: Thane
Date: 24 June 2021

KFin Technologies Private Limited (formerly known as Karvy Fintech 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**	**Share based payment reserve**	**Other comprehensive income**	
Opening Balance as at 1 April 2019	**16,583.14**	**34,392.52**	**1.00**	**-**	**750.00**	**91.27**	**-**	**51.92**	**35,286.71**
Created during the year (Refer Note 19 and 20)	-	-	-	1,498.78	-	-	-	-	1,498.78
Profit for the year	-	-	-	-	-	587.38	-	-	587.38
Utilised towards buy back of equity shares and creation of Capital redemption reserve (Refer Note 19 and 20)	-	(11,128.47)	-	-	-	-	-	-	(11,128.47)
Share based payments (Refer Note 49)	-	-	-	-	-	-	168.10	-	168.10
Buy-back of equity shares (Refer Note 19)	(1,498.78)	-	-	-	-	-	-	-	-
Taxes paid on buy back of equity shares	-	(439.72)	-	-	-	-	-	-	(439.72)
Remeasurement of defined benefit obligation (net of tax)	-	-	-	-	-	-	-	(126.50)	(126.50)
Balance as at 31 March 2020	**15,084.36**	**22,824.33**	**1.00**	**1,498.78**	**750.00**	**678.65**	**168.10**	**(74.58)**	**25,846.28**
Opening Balance as at 1 April 2020	**15,084.36**	**22,824.33**	**1.00**	**1,498.78**	**750.00**	**678.65**	**168.10**	**(74.58)**	**25,846.28**
Loss for the year	-	-	-	-	-	(6,731.40)	-	-	-6,731.40
Share based payments (Refer Note 49)	-	-	-	-	-	-	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**	**(6,052.75)**	**289.70**	**(38.98)**	**19,272.08**

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

As per our Report on standalone financial statements 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 Private Limited
CIN: U72400TG2017PTC117649

Arpan Jain
Partner
Membership No.: 125710

Place: Hyderabad
Date: 24 June 2021

Vishwanathan M Nair
Chairman
DIN: 02284165

Place: Mumbai
Date: 24 June 2021

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

Place: Hyderabad
Date: 24 June 2021

Vivek Narayan Mathur
Chief Financial Officer
Membership No.: A089454

Place: Mumbai
Date: 24 June 2021

Alpana Uttam Kundu
Company Secretary
Membership No.: F10191

Place: Thane
Date: 24 June 2021

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

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
A. Cash flows from operating activities		
Net profit before tax	**6,440.88**	**1,957.33**
Adjustment for:		
Depreciation and amortisation expense	8,734.21	8,421.24
Amortisation expense on Right-of-use asset	1,057.07	794.62
Profit on sale of property plant & equipment, net	(9.86)	(13.01)
Interest income on deposits	(10.05)	(94.17)
Dividend income from current investments and subsidiary	(199.03)	(575.81)
Unwinding of discount on deposits	(24.57)	(15.85)
Liabilities no longer required written back	-	(29.85)
Rent concession	(118.03)	-
Income on derecognition of ROU and lease liability	(8.84)	-
Foreign exchange loss/ (gain) (net)	47.06	(35.44)
Interest expense	5,191.27	5,318.66
Allowance for credit loss on trade receivables and other financial assets	89.92	486.60
Credit impaired trade receivables written-off	38.44	-
Share based payment	121.60	168.10
Operating profit before working capital changes	**21,350.07**	**16,382.42**
Working capital adjustments:		
Increase in trade receivables	(2,562.94)	(194.42)
Increase in other current financial assets	(289.94)	(61.39)
Decrease/ (increase) in loans	2.17	(135.49)
Increase in other non- current financial assets	(0.05)	(0.09)
Increase in other assets	(268.46)	(361.89)
Increase/ (decrease) in trade payables	416.82	(94.27)
Increase/ (decrease) in other current financial liabilities	1,373.85	(2,277.21)
Increase/ (decrease) in other current liabilities	150.34	(147.56)
Increase in current provisions	237.27	102.54
Cash generated from operations	**20,409.13**	**13,212.64**
Income taxes paid (including tax deducted at source)	(243.37)	(2,976.35)
Net cash generated from operating activities (A)	**20,165.76**	**10,236.29**
B. Cash flow from investing activities		
Purchase of property, plant and equipment, goodwill and intangible assets (including capital and intangible work-in-progress, capital advances and capital creditors)	(2,967.53)	(740.06)
Acquisition of business (Refer Note 45)	-	(2,653.35)
Investment in subsidiaries	-	(1.00)
Purchase of other intangible assets	-	-
Fixed deposits redeemed/ (placed) with banks	254.46	2,803.15
(Investments in)/ proceeds from redemption of mutual funds	(8,136.54)	9,696.28
Interest income	10.05	94.17
Dividend income from mutual funds and subsidiary	199.03	575.81
Net cash (used in)/ generated from investing activities (B)	**(10,640.53)**	**9,775.00**
C. Cash flows from financing activities		
Payment of lease liabilities	(1,124.71)	(857.77)
Buy-back of equity shares including taxes paid	-	(11,568.19)
Repayment of debentures	(3,200.00)	(1,600.00)
Interest paid on debentures	(4,562.17)	(6,525.04)
Net cash used in financing activities (C)	**(8,886.88)**	**(20,551.00)**
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	**638.35**	**(539.71)**
Cash and cash equivalents at the beginning of the year	833.09	1,372.80
Cash and cash equivalents at the end of the year	**1,471.44**	**833.09**
Reconciliation of Cash and Cash equivalents with the standalone balance sheet (Refer Note 14)		
Cash on hand	-	0.84
Balance with banks:		
(i) in current accounts	1,471.44	832.25
	1,471.44	**833.09**

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

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.

2) Refer Note 21 for reconciliation between the opening and closing balances in the balance sheet for liabilities and financial assets arising from financing activities.

As per our Report on standalone financial statements of even date attached

for **B S R & Associates LLP**	*for and on behalf of Board of Directors of*			
Chartered Accountants	**KFin Technologies Private Limited**			
ICAI Firm Registration no : 116231 W/W-100024	CIN: U72400TG2017PTC117649			
Arpan Jain	**Vishwanathan M Nair**	**Sreekanth Nadella**	**Vivek Narayan Mathur**	**Alpana Uttam Kundu**
Partner	*Chairman*	*Whole time Director & Chief Executive Officer*	*Chief Financial Officer*	*Company Secretary*
Membership No.: 125710	DIN: 02284165	DIN: 08659728	Membership No.: A089454	Membership No.: F10191
Place: Hyderabad	Place: Mumbai	Place: Hyderabad	Place: Mumbai	Place: Thane
Date: 24 June 2021	Date: 24 June 2021	Date: 24 June 2021	Date: 24 June 2021	Date: 24 June 2021

1. Reporting entity

KFin Technologies Private Limited ("the Company”) 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.

2. Significant Accounting Policies

A. Basis of preparation and statement of compliance

The standalone financial statements the Company comply in all material aspects with Indian Accounting Standards (“Ind AS”) as prescribed under Section 133 of the Companies Act, 2013 (“the Act”), as notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and other relevant provisions of the Act.

These standalone financial statements were authorised for issue by the Board of Directors on 24 June 2021.

B. Functional and presentation currency

These standalone financial statements 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.

C. Basis of measurement

The standalone financial statements 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

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 statements 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).

For changes that have occurred between levels in the hierarchy during the period 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.

2. Significant Accounting Policies (continued)

D. Use of judgments and estimates

In preparing these standalone financial statements, 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 statements 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.

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 statements have been given below:

- Note M - revenue recognition
- Note Q - classification of financial assets: assessment of business model within which the assets 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.

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 statements 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 includes 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 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 R)

- *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 G, H and I)

2. Significant Accounting Policies (continued)

D. Use of judgments and estimates (continued)

b) Assumptions and estimation uncertainties (continued)

- *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 Q)

- *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 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 Q)

- *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 J).

E. 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.

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

2. Significant Accounting Policies (continued)

F. 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.

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. 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.

2. Significant Accounting Policies (continued)

F. Leases (continued)

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'.

G. Property, plant and equipment and Capital work-in-progress

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 items (major components) of property, plant and equipment. Any gain or loss on disposal of property, plant and equipment is recognised in 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.

2. Significant Accounting Policies (continued)

G. Property, plant and equipment and Capital work-in-progress

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

2. Significant Accounting Policies (continued)

H. Intangible assets

Internally generated: Research and development

Expenditure on research activities is recognised in statement of profit and loss as incurred.

Development expenditure is capitalised as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in statement of profit and loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

Others

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

Intangible assets are amortised in the 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 assets are amortised on straight line basis. The estimated useful lives are as follows:

Asset category	Estimated useful life (Years)
Computer software	3-6
Internally generated software	5-10
Customer relationships	5

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.

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. 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.

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

2. Significant Accounting Policies (continued)

J. 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 group of assets that generates the cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a Cash generating unit (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 Statement of Profit and Loss.

K. 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 statement of profit and loss.

2. Significant Accounting Policies (continued)

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 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's contribution towards employee provident fund to Government administered provident fund scheme is considered as a defined contribution plan and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

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. The Company makes specified monthly contributions towards Government administered Provident Fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

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 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 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.

2. Significant Accounting Policies (continued)

L. Employee benefits (employee benefit)

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 less the fair value of the plan assets, if any out of which the obligations are expected to be settled. 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 Statement of Profit and Loss in the period in which they occur.

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 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.

Recoverable expenses represents expenses incurred in relation 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.

Income from interest on deposits and interest bearing securities is recognised on a time proportion basis taking into account the amount outstanding and the effective interest rate.

Dividends are recognised in 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. 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.

2. Significant Accounting Policies (continued)

O. Investment in Subsidiaries

Investments in subsidiaries are carried at amortised cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts are recognised in the Statement of Profit and Loss.

P. 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, taking into account 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 statements 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 recognizes any impairment loss on the assets associated with that contract.

2. Significant Accounting Policies (continued)

Q. Financial instruments

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 recognise financial assets on the date on which they are originated. The company recognises the 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 though 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 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 income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

2. Significant Accounting Policies (continued)

Q. Financial instrument (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 profit or loss.

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

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

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.

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

2. Significant Accounting Policies (continued)

Q. Financial instrument (continued)

Financial assets (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 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.

2. Significant Accounting Policies (continued)

Q. Financial instrument (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 statement of profit and 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 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

The company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

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 realize the asset and settle the liability simultaneously (‘the offset criteria’).

2. Significant Accounting Policies (continued)

R. 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 realize 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.

2. Significant Accounting Policies (continued)

R. Income taxes (continued)

The Company has adopted the standard on 01 April 2019 by using the modified retrospective approach and accordingly comparatives for the year ended 31 March 2019 will not be retrospectively adjusted. The Company applied the practical expedient to grandfather the definition of a lease on transition.

S. 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.

In accordance with Ind AS 108- "Operating Segment", segment information has been furnished in the consolidated financial statements. Hence, no disclosure is included in this regard in these standalone financial statements

T. 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.

U. 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.

V. 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.

2. Significant Accounting Policies (continued)

W. 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/ consideration paid 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. Acquisition related costs are expensed as incurred.

In case of business combinations taking place under a scheme of amalgamation approved by the Hon'ble Courts in India or the National Company Law Tribunal (NCLT), the accounting treatment as specified in the Court order or NCLT order is followed for recording such business combination.

X. 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.

Y. Recent accounting pronouncements

On 24 March 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from 01 April 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of profit and loss:
Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

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

3 Property, plant and equipment

	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 2019	1,592.44	1,944.56	196.17	374.59	70.82	118.90	4,297.48	35.61
Acquisition through business combinations (Refer Note 44)	-	298.38	3.24	9.17	0.26	-	311.05	-
Additions	23.31	544.55	1.50	27.04	1.61	15.00	613.01	-
Re-classifications*	(0.31)	(82.33)	13.69	(31.16)	0.34	-	(99.77)	-
Disposals	-	(1.54)	-	(0.21)	-	(20.19)	(21.94)	-
Transfers to property, plant and equipment	-	-	-	-	-	-	-	(35.61)
Balance as at 31 March 2020	**1,615.44**	**2,703.62**	**214.60**	**379.43**	**73.03**	**113.71**	**5,099.83**	**-**
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**	**-**
Accumulated depreciation								
Balance as at 1 April 2019	129.45	261.48	12.10	71.05	2.38	10.20	486.66	-
Depreciation for the year	352.06	678.98	36.04	127.40	7.64	31.59	1,233.71	-
Re-classifications*	-	(21.60)	0.10	(26.47)	0.33	-	(47.64)	-
Disposals	-	(0.29)	-	(0.02)	-	(4.83)	(5.14)	-
Balance as at 31 March 2020	**481.51**	**918.57**	**48.24**	**171.96**	**10.35**	**36.96**	**1,667.59**	**-**
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**	**-**
As at 31 March 2021	**920.78**	**1,503.23**	**131.74**	**166.82**	**54.82**	**65.69**	**2,843.08**	-
As at 31 March 2020	1,133.93	1,785.05	166.36	207.47	62.68	76.75	3,432.24	-

*During FY 19-20, the management has reclassified certain assets between various asset categories to ensure consistent classification.

Note:

Refer note 21 for the details of property, plant and equipment that has been pledged as security

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

4 Goodwill

	Amount
Gross carrying amount	
Balance as at 1 April 2019	67,491.55
Acquisitions through business combinations (Refer Note 44)	136.01
Additions	-
Deletions	-
Balance as at 31 March 2020	**67,627.56**
Balance as at 1 April 2020	67,627.56
Additions	-
Deletions	-
Balance as at 31 March 2021	**67,627.56**
Accumulated amortisation	
Balance as at 1 April 2019	2,496.26
Amortisation for the year	6,762.09
Balance as at 31 March 2020	**9,258.35**
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**
Carrying amounts (net)	
At 31 March 2021	**51,625.60**
At 31 March 2020	58,369.21

5 Other intangible assets

	Computer Software	Customer relationships	Total	Intangible assets under development
Gross carrying amount				
Balance as at 1 April 2019	861.91	-	861.91	0.95
Acquisitions through business combinations (Refer Note 44)	16.51	2,189.78	2,206.29	-
Re-classifications*	99.77	-	99.77	-
Additions	258.22	-	258.22	110.45
Transfer to intangible assets	-	-	-	(103.10)
Balance as at 31 March 2020	**1,236.41**	**2,189.78**	**3,426.19**	**8.30**
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
Transfer to intangible assets	-	-	-	(237.08)
Balance as at 31 March 2021	**3,399.15**	**2,189.78**	**5,588.93**	**251.15**
Accumulated amortisation				
Balance as at 1 April 2019	60.60	-	60.60	-
Amortisation for the year	255.24	170.20	425.44	-
Re-classifications*	47.64	-	47.64	-
Balance as at 31 March 2020	**363.48**	**170.20**	**533.68**	**-**
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**	**-**
Carrying amounts (net)				
At 31 March 2021	**2,698.11**	**1,582.10**	**4,280.21**	**251.15**
At 31 March 2020	872.93	2,019.58	2,892.51	8.30

*During FY 19-20, the management has reclassified certain assets between various asset categories to ensure consistent classification.

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

	Particulars	As at 31 March 2021	As at 31 March 2020
6	**Investments in subsidiaries**		
	Investment in equity instruments - unquoted- at cost less provision for other than temporary impairment		
	800 (31 March 2020: 800) equity shares of KFin Technologies (Bahrain) W.L.L [formerly known as Karvy Fintech (Bahrain) W.L.L], of BHD 50 each fully paid-up	1,354.61	1,354.61
	100,000 (31 March 2020: 100,000) equity shares of KFin Technologies (Malaysia) SDN.BHD. [formerly known as Karvy Fintech (Malaysia) SDN.BHD], MYR 1 each fully paid-up	167.35	167.35
	10,000 (31 March 2020: Nil) equity shares of KFin Services Private Limited, INR 10 each fully paid-up	1.00	1.00
		1,522.96	**1,522.96**
	Aggregate amount of un-quoted non-current investments	1,522.96	1,522.96
	Aggregate amount of provision for impairment in value of non-current investments	-	-
7	**Non-current loans**		
	Unsecured, considered good		
	Rental deposits	457.15	450.68
		457.15	**450.68**
	The Company’s exposure to credit risks are disclosed in Note 41		
	Break up of security details		
	(a) Loans considered good - Secured	-	-
	(b) Loans considered good - Unsecured	457.15	372.58
	(c) Loans which have significant increase in credit risk	-	-
	(d) Loans - credit impaired	-	-
	Total	**457.15**	**372.58**
	Allowance for credit loss	-	-
	Total loans	**457.15**	**372.58**
8	**Other non-current financial assets**		
	Electricity deposits	52.47	52.43
	Telephone deposits	1.05	1.04
	Bank deposits (due to mature after 12 months from balance sheet date)*	9.52	34.84
		63.04	**88.31**

* represents fixed deposits amounting to INR 9.52 (31 March 2020: INR 34.84) which is not freely remissible because of contractual restrictions.
The Company’s exposure to credit risks are disclosed in Note 41.

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 .

	Particulars	As at 31 March 2021	As at 31 March 2020
9	**Deferred tax (liability)/ assets (net)**		
	Deferred tax assets		
	Provision for employee benefits and certain other liabilities	304.79	276.65
	Provision for expected credit loss on trade receivables and other financial assets	377.35	354.75
	Carry forward losses	-	3,114.07
	Others	78.90	415.77
	Total deferred tax assets	**761.04**	**4,161.24**
	Deferred tax liabilities		
	Property, plant and equipment, Goodwill and other intangible assets	(12,890.59)	(3,463.88)
	Others	(366.26)	(215.92)
	Total deferred tax liabilities	**(13,256.85)**	**(3,679.80)**
	Deferred tax (liability)/ assets (net)	**(12,495.81)**	**481.44**
10	**Non-current tax assets**		
	Advance income-tax including tax deducted at source (net of provision for tax INR 4,643.00; 31 March 2020: INR 782.58)	3,395.66	3,309.67
		3,395.66	**3,309.67**
11	**Other non-current assets**		
	Capital advances	3.99	-
	Prepayments	214.48	36.43
		218.47	**36.43**

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

	Particulars	As at 31 March 2021	As at 31 March 2020
12	**Current investments**		
	Investments in equity instruments - quoted - at FVTPL		
	1,294,489 (31 March 2020: Nil) 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		
	63,611 (31 March 2020: 12,128) units of DSP Blackrock Liquidity Fund - Regular Plan -Daily Dividend	636.71	121.39
	53,014 (31 March 2020: 22,310) units of L&T Liquid Fund - Regular Liquid Daily Dividend Reinvestment Plan	536.38	227.15
	114,164 (31 March 2020: 8,387) units of TATA Liquid Fund Regular Plan - Daily Dividend	1,143.38	84.00
	92,549 (31 March 2020: 8,193) units of Kotak Liquid Regular Plan Daily Dividend	1,131.70	100.18
	93,156 (31 March 2020: 11,603) units of HDFC Liquid Fund-Regular Plan Daily Dividend Reinvestment	950.02	118.33
	1,027,309 (31 March 2020: 193,041) units of ICICI Prudential Liquid Fund - Daily Dividend	1,028.83	193.33
	Nil (31 March 2020: 23,957) units of Franklin India Liquid Fund - Super Institutional Plan, Daily Dividend Plan	-	239.57
	111,271 (31 March 2020: 27,097) units of SBI Liquid Fund - Regular Daily Dividend	1,155.83	270.43
		6,582.85	**1,354.38**
		9,490.92	**1,354.38**
	Aggregate amount of quoted current investments and market value thereof	9,490.92	1,354.38
	Aggregate market value of quoted current investments	9,490.92	1,354.38

Note: The Company has held certain shares of its customer as a trustee. The Company is in process of transferring those shares to the relevant account based of the instruction to be received from respective customers.

13	**Trade receivables**		
	(Unsecured, considered good)		
	Trade receivables	11,353.04	8,794.13
	Receivables from related parties (Refer Note 40)	83.78	165.25
		11,436.82	**8,959.38**
	Less: Allowance for credit loss	(1,443.19)	(1,291.32)
		9,993.63	**7,668.06**
	Break up of security details		
	(a) Trade receivables considered good - Secured	-	-
	(b) Trade receivables considered good - Unsecured	8,279.46	6,711.58
	(c) Trade receivables which have significant increase in credit risk	2,178.13	1,530.65
	(d) Trade receivables - credit impaired	979.23	717.15
	Total	**11,436.82**	**8,959.38**
	Allowance for credit loss	(1,443.19)	(1,291.32)
	Total trade receivables	**9,993.63**	**7,668.06**
	Movements in the provision for credit impaired trade receivables are as follows:		
	Opening balance	1,291.32	804.72
	Balance transferred to trade receivables from retention money (Refer Note 17)	118.08	-
	Allowance for credit loss created during the year	33.79	486.60
	Closing balance	**1,443.19**	**1,291.32**

The Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in Note 41

14	**Cash and cash equivalents**		
	Cash on hand	-	0.84
	Balance with banks:		
	(i) in current accounts	1,471.44	832.25
		1,471.44	**833.09**
15	**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)*	54.34	283.48
		54.34	**283.48**

* Includes fixed deposits amounting to INR 46.13 (31 March 2020: INR 271.64) which is not freely remissible because of contractual restrictions.

The Company's exposure to credit risks are disclosed in Note 41

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

	Particulars	As at 31 March 2021	As at 31 March 2020
16	**Current loans**		
	Loans to employees	26.88	34.46
		26.88	**34.46**
	Break up of security details		
	(a) Loans considered good - Secured	-	-
	(b) Loans considered good - Unsecured	26.88	22.11
	(c) Loans which have significant increase in Credit Risk	-	-
	(d) Loans - credit impaired	-	-
	Total current loans	**26.88**	**22.11**

The Company's exposure to credit risk are disclosed in Note 41.

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 .

	Particulars	As at 31 March 2021	As at 31 March 2020
17	**Other current financial assets**		
	Unsecured, Considered good		
	Retention money receivable	-	724.09
	Contract assets - unbilled revenue	793.33	886.79
	Stamp duty receivables	985.18	-
	Other receivables	199.96	-
	Others	40.90	56.59
		2,019.37	**1,667.47**
	Unsecured, Considered doubtful		
	Retention money receivable	-	118.08
	Other receivables	56.13	-
		56.13	**118.08**
	Less: Allowance for credit loss		
	Retention money receivable	-	(118.08)
	Other receivables	(56.13)	-
		(56.13)	**(118.08)**
		2,019.37	**1,667.47**
	Movements in allowance for credit loss of other current financial assets are as follows:		
	Opening balance	118.08	118.08
	Balance transferred to Allowance for credit loss on trade receivables (Refer Note 13)	(118.08)	-
	Allowance for credit loss created during the year	56.13	-
	Closing balance	**56.13**	**118.08**

The Company's exposure to credit risks are disclosed in Note 41.

	Particulars	As at 31 March 2021	As at 31 March 2020
18	**Other current assets**		
	Advances to vendors for supply of goods/ services	236.96	157.49
	Balance with government authorities	125.87	268.92
	Prepaid expenses	457.89	298.87
	Advances to employees	51.45	60.47
		872.17	**785.75**

19 Share capital

Particulars	As at 31 March 2021	As at 31 March 2020
Authorised		
176,000,000 (previous year: 176,000,000) equity shares of INR 10 each	**17,600.00**	**17,600.00**
Issued, subscribed and paid-up		
150,843,583 (previous year: 150,843,583) equity shares of INR 10 each, fully paid-up	15,084.36	15,084.36
	15,084.36	**15,084.36**

a. Terms and rights attached to equity shares

The Company has a single class equity shares having a par value of Rs. 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.

One of the shareholders of the Company has been granted call options which can be exercised upon meeting various performance and other parameters as defined in the Shareholders Agreement. Considering that these are derivatives on the Company's own equity, there is no accounting necessary in respect of these call options.

Employee Stock options:

The Company has granted certain stock options to their employees, the details of which are included in Note 48.

b. Reconciliation of shares outstanding at the beginning and end of the period:

Particulars	No. of shares	Amount
As at 1 April 2019	16,58,31,429	16,583.14
Shares issued during the year	-	-
Buy back of equity shares during the year* (Refer Note 20)	1,49,87,846	1,498.78
As at 31 March 2020	15,08,43,583	15,084.36
Shares issued during the year	-	-
As at 31 March 2021	**15,08,43,583**	**15,084.36**

* The Board of Directors and shareholders of the Company, vide their meetings held on 27 September 2019 and 30 September 2019 respectively, have approved the buy back of 14,987,846 equity shares of the Company at a price of INR 74.25 per equity share (including share premium of INR. 64.25 per equity share). The buy back process was completed by the Company in October 2019. Accordingly, the Company has extinguished 14,987,846 equity shares for an aggregate purchase price of INR 11,128.48 lakhs. The aggregate face value of the equity shares bought back was INR 1,498.78 lakhs. Accordingly, the Company has reduced share capital by INR 1,498.78 lakhs and the balance amount of INR 9,629.70 lakhs has been debited to Securities Premium Account. As per the requirements of the Companies Act, 2013, the Company has created a Capital Redemption Reserve (CRR) equal to INR 1,498.78 lakhs. The CRR has been created out of the balance in the Securities Premium. The buy back tax amounting to INR 439.72 lakhs paid by the Company has also been debited to Securities Premium.

c. Details of shares held by holding company

Particulars	As at 31 March 2021		As at 31 March 2020	
	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	12,55,80,400	83.25%	12,55,80,400	83.25%
Total	**12,55,80,400**	**83.25%**	**12,55,80,400**	**83.25%**

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

Particulars	As at 31 March 2021		As at 31 March 2020	
	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	12,55,80,400	83.25%	12,55,80,400	83.25%
Compar Estates and Agencies Pvt Ltd	1,84,14,296	12.21%	1,84,14,296	12.21%
Total	**14,39,94,696**	**95.46%**	**14,39,94,696**	**95.46%**

e. During the five year ended on 31 March 2021, no shares were allotted as fully paid up pursuant to a contract without payment being received in cash.

f. The Company has not allotted any shares as fully paid by way of bonus shares during the five year period ended on 31 March 2021 (31 March 2020: Nil).

g. Shares reserved for issue under Option: For details of shares reserved for issue under Employee Stock Option Scheme of the Company, Refer Note 49.

h. During the five year ended on 31 March 2021, the Company has bought back 14,987,846 equity shares under Buy-back Plan 2019.

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

	Particulars	Note	As at 31 March 2021	As at 31 March 2020
20	**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	34,392.52
	Less: Utilised towards buy back of equity shares and creation of Capital redemption reserve (Refer Note 19)		-	(11,128.47)
	Less: Taxes paid on buy back of shares (Refer Note 19)		-	(439.72)
	Balance at the end of the year		**22,824.33**	**22,824.33**
	Debenture redemption reserve (DRR)	c		
	Balance at the beginning of the year		750.00	750.00
	Add: Transfer from surplus in profit and loss		-	-
	Balance at the end of the year		**750.00**	**750.00**
	Retained earnings	d		
	Balance at the beginning of the year		678.65	91.27
	Add: (Loss)/ Profit for the year		(6,731.40)	587.38
	Balance at the end of the year		**(6,052.75)**	**678.65**
	Remeasurement of defined benefit plans (Other comprehensive income)	e		
	Balance at the beginning of the year		(74.58)	51.92
	Add: Profit/ (loss) for the year		35.60	(126.50)
	Balance at the end of the year		**(38.98)**	**(74.58)**
	Share based payment reserve	f		
	Balance at the beginning of the year		168.10	-
	Add: Charge for the year		121.60	168.10
	Balance at the end of the year		**289.70**	**168.10**
	Capital redemption reserve	g		
	Balance at the beginning of the year		1,498.78	-
	Add: Transferred during the year (Refer Note 19)		-	1,498.78
	Balance at the end of the year		**1,498.78**	**1,498.78**
	Total other equity	**(a+b+c+d+e+f+g)**	**19,272.08**	**25,846.28**

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 previous year.

(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 Act, to issue bonus shares, to provide for premium on redemption of shares or debentures, write-off equity related expenses like underwriting costs etc. During the previous year, the Company has utilised a portion of amount for buy back of shares (including taxes paid) and creation of capital redemption reserve.

(c) Debenture redemption reserve
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 for the year ended 31 March 2021.

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

(e) 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)

(f) 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 49 for further details on these plans.

(g) Capital redemption reserve
Represents reserve created for cancellation of 14,987,847 equity shares bought back under buy back plan (Refer Note 19).

	Particulars	As at 31 March 2021	As at 31 March 2020
21	**Non-current borrowings**		
	Non-convertible Debentures (secured)	34,588.97	37,531.17
	Less: Current maturities of long term debt (Refer note 24)	(5,200.00)	(3,200.00)
		29,388.97	**34,331.17**

During the FY 18-19, 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 lakhs. Transaction costs amounting to INR 1,198.69 lakhs had been netted off against the amount of Debentures. The NCDs are listed on the Bombay Stock Exchange, India with effect from 29 November 2018. The NCDs are 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 due half yearly beginning from 31 March 2020.

Particulars	Non-current borrowings	Current borrowings	Accrued interest (Refer Note 24)	Total
Net debt as at 01 April 2019	**38,886.71**	**-**	**1,713.97**	**40,600.68**
Loan drawls (in cash)/ interest accrued during the year	-	-	5,061.04	5,061.04
Loan repayments/ interest payment during the year (in cash)	(1,600.00)	-	(6,517.95)	(8,117.95)
Amortisation as per effective interest rate	244.46	-	(244.46)	-
Net debt as at 31 March 2020	**37,531.17**	**-**	**12.60**	**37,543.77**
Net debt as at 1 April 2020	**37,531.17**	**-**	**12.60**	**37,543.77**
Interest accrued during the year	-	-	4,831.79	4,831.79
Loan repayments/ interest payment during the year (in cash)	(3,200.00)	-	(4,562.17)	(7,762.17)
Amortisation as per effective interest rate	257.80	-	(257.80)	-
Net debt as at 31 March 2021	**34,588.97**	**-**	**24.42**	**34,613.39**

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

22	**Non-current provisions**		
	Provision for employee benefits		
	Gratuity	613.47	391.12
	Compensated absences	135.80	126.07
		749.27	**517.19**

Refer Note 39(ii) for disclosure related to employee benefits.

23	**Trade payables**		
	Total dues of micro enterprises and small enterprises *	30.50	1.99
	Total dues of creditors other than micro enterprises and small enterprises	2,419.09	2,030.78
		2,449.59	**2,032.77**

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

For details regarding trade payables due to related parties, Refer Note 40.

24	**Other current financial liabilities**		
	Current maturities of long term debt (Refer Note 21)	5,200.00	3,200.00
	Interest accrued and not due on non-convertible debentures (Refer Note 21)	24.42	12.60
	Security deposit payable	32.87	32.01
	Employee payables	209.08	167.65
	Capital creditors	139.87	85.25
	Other liabilities	1,580.63	249.07
		7,186.87	**3,746.58**

The Company's exposure to liquidity risks related to above financial liabilities is disclosed in Note 41.

25	**Other current liabilities**		
	Contract liabilities (Advance from customers)	290.63	261.05
	Statutory dues payable	849.60	772.58
	Contract liabilities (Unearned income)	125.56	81.82
		1,265.79	**1,115.45**

26	**Current provisions**		
	Provision for employee benefits:		
	Gratuity	17.09	112.29
	Compensated absences	272.45	219.63
		289.54	**331.92**

Refer Note 39 for disclosure related to provisions for employee benefits.

27	**Current tax liability (net)**		
	Provision for taxation	135.85	86.23
	(Net of advance tax INR 9,278.38; 31 March 2020: 5,937.32)		
		135.85	**86.23**

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

	Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
28	**Revenue from operations**		
	Sale of services	45,416.53	41,171.89
	Total (A)	**45,416.53**	**41,171.89**
	Other operating revenues		
	Recoverable expenses	1,762.43	2,885.71
	Total (B)	**1,762.43**	**2,885.71**
	Total (A+B)*	**47,178.96**	**44,057.60**
	*Refer Note 50		
29	**Other income**		
	Interest income from:		
	- Bank deposits (carried at amortised cost)	10.05	94.17
	- Unwinding of discount on deposits	24.57	15.85
	- Income-tax refund	81.97	-
	Dividend income from:		
	- Investment in subsidiaries	-	254.84
	- Investments in mutual funds	199.03	320.97
	Profit on sale of property, plant and equipment (net)	9.86	13.01
	Liabilities no longer required written back	-	29.85
	Foreign exchange gain (net)	-	35.44
	Income on derecognition of ROU and lease liability	8.84	-
	Rent concession	118.03	-
	Miscellaneous income	16.77	-
		469.12	**764.13**
30	**Employee benefits expense**		
	Salaries and wages	16,555.49	16,790.32
	Contribution to provident and other funds [Refer Note 39(i)]	1,365.94	1,267.56
	Share based payment expenses (Refer Note 49)	121.60	168.10
	Staff welfare expenses	315.61	514.50
		18,358.64	**18,740.48**
31	**Finance cost**		
	Interest on debentures (at amortised cost)	4,831.79	5,068.13
	Unwinding of interest on lease liabilities (Refer Note 46)	359.48	250.53
	Other interest costs	-	5.52
		5,191.27	**5,324.18**
32	**Depreciation and amortisation expense**		
	Depreciation on property, plant and equipment	1,215.56	1,233.71
	Amortisation of goodwill	6,743.61	6,762.09
	Amortisation of other intangible assets	775.04	425.44
	Amortisation of right of use asset (Refer Note 46)	1,057.07	794.62
		9,791.28	**9,215.86**

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

	Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
33	**Other expenses**		
	Power and fuel	482.96	594.78
	Rent	598.68	499.24
	Repairs and maintenance:		
	- Others	111.87	145.68
	Rates and taxes	22.56	40.21
	Legal and professional fee*	2,020.22	1,390.61
	Consultancy	704.04	857.55
	Office maintenance	357.00	446.18
	Security services	109.47	124.10
	Computer and software maintenance	656.79	169.50
	Corporate social responsibility**	33.52	27.19
	Allowance for credit loss on trade receivables and other financial assets	89.92	486.60
	Credit impaired trade receivables written-off	38.44	-
	Printing and stationery	468.90	999.22
	Postage, courier and communication	1,764.73	2,673.24
	Travelling and conveyance	122.65	662.57
	Shared services cost	18.79	221.14
	Insurance	34.78	31.68
	Staff recruitment	39.19	81.32
	Sales promotion and advertisement	36.56	78.20
	Depository charges	2.27	7.11
	Claims paid	7.58	6.84
	Water charges	9.00	19.64
	Fair value loss on financial assets measured at fair value through profit and loss, net	72.08	-
	Bank charges	4.63	3.92
	Foreign exchange loss (net)	47.06	-
	Miscellaneous	12.32	17.36
		7,866.01	**9,583.88**
	*** Payment to auditors** (included in legal and professional expenses above)		
	As auditor		
	Statutory audit	27.00	26.00
	Limited review	4.00	4.00
	Certification	2.00	7.50
	Others	9.00	3.00
	Out of pocket expenses	1.00	2.89
		43.00	**43.39**
	****Corporate social responsibility**		
	a) Gross amount required to be spent by the Company during the year	33.07	24.61
	b) Amount spent during the year (in cash) :		
	i) Construction/ acquisition of any asset	-	-
	ii) On purposes other than (i) above	33.52	27.19
34	**Earning per share (EPS)**		
	(Loss)/ profit attributable to equity shareholders (A)	(6,731.40)	587.38
	Shares		
	Number of shares at the beginning of the year	15,08,43,583	16,58,31,429
	Add: Equity shares issued during the year	-	-
	Less: Shares cancelled during the year	-	(1,49,87,846)
	Number of shares at the end of the year	**15,08,43,583**	**15,08,43,583**
	Weighted average number of equity shares for Basic EPS (B)	15,08,43,583	15,87,68,663
	Effect of potential equity shares on employee stock options outstanding	71,069	80,375
	Weighted average number of equity shares for diluted EPS (C)	15,09,14,652	15,88,49,038
	Basic EPS - par value of INR 10 per share (A/B) (in INR)	(4.46)	0.37
	Diluted EPS - par value of INR 10 per share (A/C) (in INR)	(4.46) *	0.37

* Since the Company has losses in the current year, the Dilutive EPS is considered to be Basic EPS on account of anti-dilutive effect

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

35 Income tax

A. Amounts recognised in the Statement of Profit and Loss

	For the year ended 31 March 2021	For the year ended 31 March 2020
Current tax expense		
Current year	207.00	-
	207.00	**-**
Deferred tax charge/ (credit)		
Change in recognised temporary differences	12,965.28	1,369.95
	12,965.28	**1,369.95**
Total tax expense	**13,172.28**	**1,369.95**

B. Amounts recognised in Other comprehensive income

Particular	For the year ended 31 March 2021			For the year ended 31 March 2020		
	Before tax	Tax (expense)/ Income	Net of tax	Before tax	Tax (expense)/ Income	Net of tax
Remeasurement of defined benefit liability	47.57	(11.97)	35.60	(169.05)	42.55	(126.50)
	47.57	**(11.97)**	**35.60**	**(169.05)**	**42.55**	**(126.50)**

C. Reconciliation of effective tax rate

	For the year ended 31 March 2021	For the year ended 31 March 2020
Profit before tax	6,440.88	1,957.33
Enacted tax rate in India*	25.168%	25.168%
Tax using the Company's domestic tax rate	1,621.04	492.62
Tax effect of:		
Impact of change in tax rate*	-	429.95
Impact of change in Finance Act, 2021 **	11,192.85	-
Impact of differencial tax rate	(6.90)	-
Impact of tax exempt income	-	(80.78)
Permanent differences	377.20	132.58
Reversal of Minimum alternative credit entitlement*	-	271.55
Others	(11.91)	124.03
	13,172.28	**1,369.95**

* The Taxation Laws (Amendment) Ordinance, 2019 ('Ordinance') was promulgated on 20 September 2019. The Ordinance has amended the Income Tax Act, 1961 and Finance Act, 2019 to inter-alia provide an option to domestic companies to pay income tax at a reduced tax of 22 percent plus applicable surcharge and cess with certain conditions to be met. The Company has opted for this amendment and tax rate is calculated@ 22 plus applicable surcharge and cess Accordingly, the unused MAT credit entitlement of INR 271.55 as at 31 March 2019 was charged to the statement of profit and loss account as the Company is no longer entitled to it.

** 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 April 1, 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

	As at 1 April 2020	Recognised in Statement of profit and loss	Recognised in other comprehensive income	Recognised in Other equity	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 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)
Net deferred tax assets	**481.44**	**(12,965.28)**	**(11.97)**	**-**	**(12,495.81)**

	As at 1 April 2019	Recognised in Statement of profit and loss	Recognised in other comprehensive income	Recognised in Other equity	As at 31 March 2020
Property, plant and equipment, Goodwill and other intangible assets	(1,926.49)	(1,537.39)	-	-	(3,463.88)
Provision for expected credit loss on trade receivables and other financial assets	322.46	32.29	-	-	354.75
Provision for employee benefits and certain other liabilities	594.27	(360.17)	42.55	-	276.65
Carry forward losses	2,338.45	775.62	-	-	3,114.07
Minimum Alternate Tax credit entitlement	271.55	(271.55)	-	-	-
Others	208.60	(8.75)	-	-	199.85
Net deferred tax assets	**1,808.84**	**(1,369.95)**	**42.55**		**481.44**

36 Commitments, contingent liabilities and contingent assets

	As at 31 March 2021	As at 31 March 2020
A. Commitments		
Capital commitments	306.19	-

B. Contingent liabilities	As at 31 March 2021	As at 31 March 2020
(a) Income-tax matters	98.56	67.50
(b) Service tax matters*	929.46	929.46

* 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 Rs 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 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. The Company has evaluated the claim and based on its evaluation, the Management is confident that the demand is not tenable and the possibility of any future financial impact is remote. 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.

(c) In addition to the above, the Company is a party to certain pending cases with regulatory authorities relating to the initial public offerings 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.

(d) 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 the financial statements. The impact of the same is not ascertainable.

(e) During the year, while performing reconciliation of shares held in an Escrow Account of a Client, the Company identified that certain shares were transferred (in 2011 and 2020) from the said Escrow Account without any authorisation from the Client and without knowledge of the Company. On further inquiry, it was identified that the Depository Participant ('DP') of the Client transferred the shares to its own Demat account and to a Third Party's Demat account through an off-market transaction. The Company has sought clarification/ details through legal notices to the parties involved to verify if the DP and Third Party are valid owners of the shares. Further, the Company has intimated this incident to the Client, the DP and SEBI. The Company has not received any response from these parties. The Company also engaged an independent expert to carry out comprehensive review including reconciliation of Escrow Accounts related to other clients where Demat account is being maintained with the aforesaid DP to identify differences, if any, in the shareholding compared to Benpos. Based on the above review, no significant deviations/ findings were identified. As per management's assessment, supported by legal consultation, the Company believes that it does not have any obligations/ liability due to aforesaid transfer of shares.

(f) In September 2018, the Company has received show-cause notice from PFRDA letter alleging the Company for undertaking regulatory activity of Point of Presence (POP) – Service establishment and serviced UTI POP without any approval from PFRDA to act in that capacity. During the year, the Company has submitted its responses to PFRDA and all the hearing are completed. Management believes that the possible impact of the aforesaid notice is not expected to have material impact on the financial statement of the Company.

(g) The Company has given letter of support to its wholly-owned subsidiary company, namely KFin Services Private Limited ("KFin Services"). Under the letter of support, the Company is committed to provide operational and financial assistance as is necessary for the KFin Services to enable it to operate as going concern for a period of at least one year from the balance sheet date i.e. till 31 March 2022.

(h) 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.

The Company 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 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 Company's standalone financial statements.

37 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.

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

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 Micro, Small and Medium Enterprises Development Act, 2006 ("the Act"). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2021 has been made in the standalone financial statements based on information received and available with the Company. Further in the view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier under the said Act.

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Principal amount remaining unpaid to any supplier as at the end of the year	30.50	1.99
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, 2006.	-	-
The amount of the payments made to micro and small suppliers beyond the appointed date during each period.	-	-
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 period) but without adding the interest specified under the MSMED Act, 2006.	-	-
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, 2006.	-	-

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

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

39 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 Statement of Profit and Loss (included in note 30 Employee benefits expense):

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Contribution to provident fund	1,035.29	1,002.40
Contribution to employee state insurance	155.94	178.81

(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 inline 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:

	As at 31 March 2021	As at 31 March 2020
Net defined benefit liability	630.56	503.41
Current (Refer Note 26)	17.09	112.29
Non Current (Refer Note 22)	613.47	391.12

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:

Particulars	31 March 2021			31 March 2020		
	Defined benefit obligation	Fair value of plan assets	Net defined benefit liability/ (asset)	Defined benefit obligation	Fair value of plan assets	Net defined benefit liability/ (asset)
Balance as at beginning of the year	1,405.76	(902.35)	503.41	1,091.77	(820.22)	271.55
Included in Standalone statement of profit or loss						
Current service cost	146.42	-	146.42	154.61	-	154.61
Interest cost	90.17	(61.88)	28.29	70.05	(66.87)	3.18
	236.59	**(61.88)**	**174.71**	**224.66**	**(66.87)**	**157.79**
Included in Other comprehensive income						
Remeasurement loss/ (gain)						
Actuarial loss/ (gain) arising from:						
- financial assumptions	(55.62)	5.60	(50.02)	176.26	-	176.26
- on plan assets	-	2.45	2.45	-	(7.21)	(7.21)
	(55.62)	**8.05**	**(47.57)**	**176.26**	**(7.21)**	**169.05**
Others						
Amount transferred pursuant to business combination (Refer Note 44)	-	-	-		(94.98)	(94.98)
Benefits paid	(197.71)	197.71	-	(86.93)	86.93	-
	(197.71)	**197.71**	**-**	**(86.93)**	**(8.05)**	**(94.98)**
Balance as at end of the year	**1,389.03**	**(758.47)**	**630.56**	**1,405.76**	**(902.35)**	**503.41**

C. Plan assets

	As at 31 March 2021	As at 31 March 2020
Investment with Life Insurance Corporation of India	100%	100%

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.

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

39 Employee benefits (continued)

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 2021	As at 31 March 2020
Discount rate (p.a.)	6.80%	6.90%
Salary increase (p.a.)	4.00%	4.00%
Expected rate of return on plan assets	8.00%	8.00%

b) Demographic assumptions

i) Retirement age (years)	58 years	58 years
ii) Mortality table	IALM (2006-08)	IALM (2006-08)
iii) Withdrawal rates (p.a.)	1.00%	1.00%

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.

	31 March 2021		31 March 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(118.00)	136.37	(116.34)	134.62
Future salary growth (1% movement)	169.77	(146.04)	167.60	(144.27)
Mortality rate (1% movement)	14.09	(2.62)	(98.42)	(2.65)
Attrition rate (1% movement)	89.75	(99.22)	92.59	(102.60)

F. Expected maturity analysis of the undiscounted gratuity benefit is as follows:

Particulars	As at 31 March 2021	As at 31 March 2020
Duration of defined benefit payments		
Less than 1 year	-	94.02
Between 2 - 5 years	249.49	210.06
Between 5- 10 years	368.41	341.72
Over 10 years	771.11	759.95
Total	**1,389.01**	**1,405.75**

The weighted average duration of the defined benefit plan obligation as at 31 March 2021: 11.85 years (31 March 2020: 11.70 years)

Expected contribution to the post employee benefit plan during the next financial year is expected to be INR 173.92

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.

Expected rate of return on plan assets: This is based on the expectation of the average long-term rate of return expected on investments of the fund during 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 2021, the Company has incurred an expense on compensated absences amounting to INR 139.49 (31 March 2020: INR 188.35). 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.

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

40 Related parties

A. Names of related party and nature of relationship

i. Holding company :
General Atlantic Singapore Fund Pte Ltd

ii. 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) C Parthasarathy, Director (up to 23 November 2019)
k) Rajath Sood, Director (up to 16 March 2020)

iii. KMP and their relatives (upto 23 November 2019)
a) Rajat Parthasarathy
b) Adhiraj Parthasarathy

iv. Enterprises where KMP exercise significant influence (Upto 23 November 2019)
a) Karvy Stock Broking Limited
b) Karvy Data Management Services Limited
c) Compar Estates and Agencies Private Limited
d) Parthasarathy Comandur HUF

v. 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 (w.e.f. 6 January 2020)

iv. Post-employment benefit plan
a) KFin Technologies Private Limited Employees Group Gratuity Assurance scheme

B. Transactions with the related parties

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
i) Holding company		
General Atlantic Singapore Fund Pte Ltd		
Buy back of equity shares (including taxes)	-	9,270.21
ii) Enterprises controlled or jointly controlled by KMP		
Karvy Stock Broking Limited		
Internet bandwidth	-	41.94
Shared service charges	-	163.79
Fee from investor services	-	(7.98)
Reimbursement of expenses	-	10.66
Karvy Data Management Services Limited		
Rent expenses	-	168.53
Professional charges	-	17.32
Fee from investor services	-	(5.87)
Reimbursement of expenses	-	(12.81)
Compar Estates and Agencies Private Limited		
Buy back of equity shares (including taxes)	-	1,674.99
Parthasarathy Comandur HUF		
Buy back of equity shares (including taxes)	-	180.74
iii) Wholly owned subsidiaries		
KFin Technologies (Malaysia) SDN. BHD		
Fee from investor services	(1,094.22)	(642.25)
KFin Technologies (Bahrain) W.L.L.		
Dividend income received	-	(254.84)
KFin Services Private Limited		
Investment in equity shares	-	1.00
Reimbursement of expenses	54.45	0.92
iv) Key Management Personnel *		
Short-term employee benefits		
- Remuneration paid	426.25	250.01
- Incentives/ Bonus paid	147.51	686.52
- Professional fee paid	-	161.01
- Buy back of equity shares (including taxes)	-	149.62
Share-based payment	115.62	121.15
v) Relatives of KMP		
Buyback of equity shares	-	292.62

* 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.

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

40 Related parties (continued)

C. Related party balances

Particulars	**As at 31 March 2021**	**As at 31 March 2020**
i) Enterprises controlled or jointly controlled by KMP		
Karvy Stock Broking Limited*		
Trade payables	-	9.92
Karvy Data Management Services Limited*		
Trade payables	-	629.28

*These parties are considered as related parties upto 23 November 2019.

ii) Wholly owned subsidiaries		
KFin Technologies (Malaysia) SDN. BHD		
Trade receivables	83.78	165.25
KFin Services Private Limited		
Other receivables	54.45	0.92
iv) Key Management Personnel		
Remuneration payable	-	100.00
Other liabilities	-	16.14

Notes:

a. All related party transactions entered during the year were in ordinary course of business and are on arm's length basis.

b. For investment in subsidiaries, Refer Note 6

c. Also Refer note 36(B)(g) in respect of letter of support to its wholly-owned subsidiary company, Kfin Services Private Limited

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

41 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 2021	**Carrying amount**				**Fair value**			
	Fair value through profit and loss	**Fair value through other comprehensive income**	**Amortised cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets								
Non-current assets								
Loans	-	-	457.15	457.15	-	-	-	-
Other non-current financial assets	-	-	63.04	63.04	-	-	-	-
Current assets								
Current investments	9,490.92	-	-	9,490.92	2,908.07	6,582.85	-	9,490.92
Trade receivables	-	-	9,993.63	9,993.63	-	-	-	-
Cash and cash equivalents	-	-	1,471.44	1,471.44	-	-	-	-
Bank balances other than cash and cash equivalent	-	-	54.34	54.34	-	-	-	-
Loans	-	-	26.88	26.88	-	-	-	-
Other current financial assets	-	-	2,019.37	2,019.37	-	-	-	-
	9,490.92	**-**	**14,085.85**	**23,576.77**	**2,908.07**	**6,582.85**	**-**	**9,490.92**
Financial liabilities								
Borrowings	-	-	34,588.97	34,588.97	-	-	-	-
Lease liabilities	-	-	3,585.21	3,585.21	-	-	-	-
Trade payables	-	-	2,449.59	2,449.59	-	-	-	-
Other current financial liabilities	-	-	1,986.87	1,986.87	-	-	-	-
	-	**-**	**42,610.64**	**42,610.64**	**-**	**-**	**-**	**-**

As at 31 March 2020	**Carrying amount**				**Fair value**			
	Fair value through profit and loss	**Fair value through other comprehensive income**	**Amortised Cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets								
Non-current assets								
Loans	-	-	450.68	450.68	-	-	-	-
Other non-current financial assets	-	-	88.31	88.31	-	-	-	-
Current assets								
Current investments	1,354.38	-	-	1,354.38	-	1,354.38	-	1,354.38
Trade receivables	-	-	7,668.06	7,668.06	-	-	-	-
Cash and cash equivalents	-	-	833.09	833.09	-	-	-	-
Bank balances other than cash and cash equivalent	-	-	283.48	283.48	-	-	-	-
Current loans	-	-	34.46	34.46	-	-	-	-
Other current financial assets	-	-	1,667.47	1,667.47	-	-	-	-
	1,354.38	**-**	**11,025.55**	**12,379.93**	**-**	**1,354.38**	**-**	**1,354.38**
Financial liabilities								
Borrowings	-	-	37,531.17	37,531.17	-	-	-	-
Lease liabilities	-	-	3,673.81	3,673.81	-	-	-	-
Trade payables	-	-	2,032.77	2,032.77	-	-	-	-
Other financial liabilities	-	-	546.58	546.58	-	-	-	-
	-	**-**	**43,784.33**	**43,784.33**	**-**	**-**	**-**	**-**

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 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.

41 Financial instruments – Fair values and risk management (continued)

C. Fair value of financial assets and liabilities measured at amortised cost

	As at 31 March 2021		As at 31 March 2020	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Financial assets				
Loans	484.03	484.03	485.14	485.14
Other non current financial assets	63.04	63.04	88.31	88.31
Trade receivables	9,993.63	9,993.63	7,668.06	7,668.06
Cash and cash equivalents	1,471.44	1,471.44	833.09	833.09
Bank balances other than cash and cash equivalent	54.34	54.34	283.48	283.48
Other current financial assets	2,019.37	2,019.37	1,667.47	1,667.47
	14,085.85	**14,085.85**	**11,025.55**	**11,025.55**
Financial liabilities				
Borrowings	34,588.97	34,588.97	37,531.17	34,331.17
Trade payables	2,449.59	2,449.59	2,032.77	2,032.77
Lease liabilities	3,585.21	3,585.21	3,673.81	3,673.81
Other current financial liabilities	1,986.87	1,986.87	546.58	3,746.58
	42,610.64	**42,610.64**	**43,784.33**	**43,784.33**

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:
a) Credit risk ;
b) Liquidity risk ; and
c) 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, advances, security deposits, cash and cash equivalents and deposits with banks.

a. Loans

It consists of security deposit. The security deposit pertains to rent deposit given to lessors. The Company does not expect any losses from non-performance by these counter-parties. It also consists of loans given to employees for which the Company does not expect any losses as the said loans are only given to confirmed 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.

A default on a financial asset is when counterparty fails to make payments within 365 days when they fall due.

The customer base of the Company comprises of various corporate, state governments and mutual fund houses all having sound financial condition and none of these balances are credit impaired. An impairment analysis is performed at each reporting date on invoice wise receivables balances.

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.

Retention money receivable

During FY 2019-20, the Company had retention money receivable from the state governments pertaining to the services rendered by the Company towards e-governance projects. The same has been transferred to trade receivables in FY 2020-21 basis the terms of the contract. The Company foresees no credit risk pertaining to those receivables as the same are sovereign backed, but assesses the same for loss in time value of money.

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 2021**	**As at 31 March 2020**
Trade receivables	9,993.63	7,668.06
Retention money receivable	-	724.09

During the year, the Company has credit impaired trade receivables as disclosed in Note 33 as it does not expect to receive future cash flows from them. The Company's management also pursue all legal options for recovery of dues, wherever necessary, based on its internal assessment.

Refer note 13 and 17 for Reconciliation of allowance for credit loss on Trade receivables and Retention money receivable.

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 2021, the Company has a net current assets of INR 11,619.73 lakhs (31 March 2020: INR 4,401.75 lakhs)

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

41 Financial instruments – Fair values and risk management (continued)

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 contractual interest payments and exclude the impact of netting agreements.

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	2,449.59	2,449.59	2,449.59	-	-	-
Borrowings (including current maturity of long-term debt and interest accrued)*	34,613.39	44,385.70	9,324.08	11,406.63	23,654.99	-
Other financial liabilities (excluding current maturity of long-term debt and interest accrued)	1,962.45	1,962.45	1,962.45	-	-	-
Total	**39,025.43**	**48,797.74**	**13,736.12**	**11,406.63**	**23,654.99**	**-**

* The contractual Cash flows includes interest obligation on borrowings

Particulars	Carrying amount as at 31 March 2020	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	2,032.77	2,032.77	2,032.77	-	-	-
Borrowings (including current maturity of long-term debt and interest accrued)*	37,543.77	47,412.94	7,773.99	10,406.95	29,232.00	-
Other financial liabilities (excluding current maturity of long-term debt and interest accrued)	533.98	533.98	533.98	-	-	-
Total	**40,110.52**	**49,979.69**	**10,340.74**	**10,406.95**	**29,232.00**	**-**

* 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.

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:

	As at 31 March 2021	As at 31 March 2020
Fixed-rate instruments		
Financial assets	63.86	318.32
Financial liabilities	34,613.39	37,543.77

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.

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 2021		As at 31 March 2020	
	Amount in FC	Amount in INR	Amount in FC	Amount in INR
Trade receivables:				
USD	1.30	95.43	9.49	715.28
CAD	0.22	12.97	0.66	35.35
AUD	2.21	122.91	0.51	23.58
GBP	0.13	13.18	0.29	27.53
MYR	4.74	83.78	5.63	98.28

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 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
For the year ended 31 March 2020				
USD (1% movement)	(7.15)	7.15	(5.35)	5.35
CAD (5% movement)	(1.77)	1.77	(1.32)	1.32
AUD (1% movement)	(0.24)	0.24	(0.18)	0.18
GBP (10% movement)	(2.75)	2.75	(2.06)	2.06
MYR (10% movement)	(9.83)	9.83	(7.35)	7.35

42 Capital management

The Company's objectives when managing capital are to
a) safeguard their ability to continue as a going concern so that it can continue to provide return for shareholders and benefits for other stakeholders;
b) maintain an optimal capital structure to reduce the cost of capital; and
c) ensure compliance with regulatory minimum net worth 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 for the objectives stated in a) and b) above:
Net debt (total borrowings net of cash and cash equivalents, current investment in equity instruments 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 and Share based payment reserve). The gearing ratios were as follows:

Particulars	31 March 2021	31 March 2020
Net debt	23,651.03	35,356.30
Total equity	31,816.96	38,512.76
Net debt to equity ratio	**74.33%**	**91.80%**

Debt covenants

Under the terms of the debentures agreement , the Company is required to comply with the following financial covenants:
a) DSCRA not less than 1.1 times during the tenure of the debentures.
b) Maximum Net Debt/ EBITDA not to exceed 3.75 times.
The Company has complied with these covenants as at reporting period.

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.

43 Impairment test of goodwill

As at 31 March 2021 the Company has goodwill aggregating to INR 51,625.60 lakhs (31 March 2020: INR 58,369.21 lakhs) referred to in Note 4. For the year ended 31 March 2021, the goodwill impairment has been assessed at the Company level. The recoverable amount of the Goodwill has been determined as per value in use method using discounted cash flows. Management has tested goodwill for impairment even though there are no indicators of impairment.

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 period of five years, as the Company 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 Company 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 following growth and discount rates have been considered for the purpose of the impairment testing:

Particulars	**As at 31 March 2021**	**As at 31 March 2020**
Discount rate	14%	16%
Terminal value rate	5%	5%
Budgeted EBITDA growth rate for various revenue stream	26.6% to 35.9%	5% - 20%

- 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.

Based on the test performed, no impairment has been identified.

44 During the previous year, the Company entered into a "Business Transfer Agreement" ('BTA') dated 7th August 2019 with Sundaram Fund Services Limited (formerly known as 'Sundaram BNP Paribas Fund Services Limited' ('SBFS')) to acquire the business of Registrar to an issue and share transfer agent for securities (including mutual fund units), back office services to alternative investment funds or private equity clients of SBFS on a slump sale basis. The business purchase was effective from 11 November 2019. Such business combination has been accounted for by the company in accordance with Ind AS 103 as follows:

a) all assets and liabilities pertaining to business transferred to the Company have been recorded at their fair values as at 11 November 2019;
b) Certain assets not recorded by SBFS such as customer contracts have been recorded by the company at their fair values;
c) the purchase consideration has been recorded at fair value; and
d) the difference between the purchase consideration and the net book value of assets as per (a) and (b) above has been recorded as Goodwill.

The details of the same are given in the table below:

Particulars	**Amount**
Purchase consideration (A)	**2,653.35**
Fair value of identifiable assets and liabilities acquired	
Assets	
Property, plant and equipment	311.05
Intangible assets	
a) Customer contracts	2,189.78
b) Computer software	16.51
Total assets (B)	**2,517.34**
Total liabilities (C)	-
Net assets (D=B-C)	2,517.34
Goodwill (A-D)	**136.01**

The goodwill is attributable mainly to the strong customer base and the synergies expected to be achieved from integrating the target into the Company’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**
Property, plant and equipment and computer software	Cost technique: The valuation model considers depreciated replacement cost when appropriate.
Customer contracts	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.

The fair value of assets and liabilities have been computed by a third party valuer vide their report dated 15 May 2020.

Pursuant to the BTA, 190 employees has been transferred from SBFS to the Company. Accordingly, compensated absences aggregating to INR 28.48 lakhs and gratuity liability INR Nil (net of fund value of assets transferred – INR 94.98 lakhs) has been transferred to the Company. The net impact on Goodwill is Nil as these liabilities are adjusted against the purchase consideration.

The business rationale of this business combination was to enable the Company to increase the market share through new customers.

The acquired business contributed revenues of INR 1,055.04 lakhs and profit before tax of INR 167.35 lakhs to the Company for the period 11 November 2019 to 31 March 2020. If the acquisitions had occurred on 1 April 2019, pro-forma revenue and profit before tax for the year ended 31 March 2020 would have been INR 45,534.56 lakhs and INR 2,306.98 lakhs respectively.

45 Business combination

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 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 Company 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:
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 Company to the shareholders of KCL has been recorded at par value; and
c) 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 17th November 2018, the Company acquired a 50% stake in KCPL from an existing shareholder. The remaining 50% stake in KCPL got vested in the Company on 17th November 2018 upon the RTA Undertaking of KCL getting amalgamated into the Company. Accordingly, on 17th 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 17th November 2018.

As specified in the Scheme, the Company has accounted for the amalgamation as follows:
a) all assets and liabilities of KCPL have been recorded at their existing book values as at November 16, 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 56,554.04 lakhs has been recorded as Goodwill.

As per the Scheme, the cumulative goodwill arising on the transaction amounting to INR 67,491.55 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.

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

46 Leases

A Transition Note

In March 2019, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, 2019, notifying Ind AS 116 'Leases' and amendments to certain Ind AS. The Standard/ amendments are applicable to the Company with effect from 01 April 2019.

Effective 1 April 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 1 April 2019 using the modified retrospective method and has measured the Right of Use Asset at an amount equal to the Lease Liability adjusted for accruals and prepayments recognised in the balance sheet immediately before the date of initial application.

Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the date of transition (i.e. 1 April 2019).

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

Particulars	**Category of ROU Assets**
	Building premises
Balance as at 1 April 2019	2,742.70
Prepayments	60.89
Additions	1,538.35
Deletions	-
Balance as at 31 March 2020	**4,341.94**
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**
Accumulated amortisation	
Amortisation for the year	794.62
Deletions	-
Balance as at 31 March 2020	**794.62**
Balance as at 01 April 2020	794.62
Amortisation for the year	1,057.07
Deletions	(93.77)
Balance as at 31 March 2021	**1,757.92**
Carrying amounts	
Balance as at 31 March 2021	**3,317.27**
Balance as at 31 March 2020	**3,547.32**

The aggregate depreciation expense for the year on ROU assets is included under depreciation and amortisation expense in the standalone statement of profit and loss.

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

Particulars	**For the year ended 31 March 2021**	**For the year ended 31 March 2020**
Short- term lease expense	598.68	499.24
Low value lease expense	-	-
Variable lease expense	-	-
Total	**598.68**	**499.24**

D Following are the changes in the lease liabilities:

Particulars	**31 March 2021**	**31 March 2020**
Opening Balance	3,673.81	2,742.70
Additions	990.58	1,538.35
Finance cost accrued during the year	359.48	250.53
Deletions	(195.92)	-
Payment of lease liabilities	(1,124.71)	(857.77)
Rent concession	(118.03)	-
Closing balance	**3,585.21**	**3,673.81**
Current lease liabilities	981.38	911.99
Non-current lease liabilities	2,603.83	2,761.82

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

Particulars	**For the year ended 31 March 2021**	**For the year ended 31 March 2020**
Depreciation on Right-of-use assets	1,057.07	794.62
Interest expenses	359.48	250.53
	1,416.55	**1,045.15**

F The following is the cash outflow on leases:

Particulars	**For the year ended 31 March 2021**	**For the year ended 31 March 2020**
Payment of lease liabilities	765.23	634.59
Interest on lease liabilities	359.48	223.18
Total cash outflow on leases	**1,124.71**	**857.77**

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

Particulars	**As at 31 March 2021**	**As at 31 March 2020**
Less than 1 year	1,261.96	1,177.78
1 to 5 years	2,556.38	2,823.20
Over 5 years	548.59	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.

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

47 Impact of COVID-19

The Company has taken into account all 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 assumption, 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 upto the date of approval of these standalone financial statements and believes that the impact of COVID-19 is not material to these 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.

48 Transfer pricing

The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Sections 92-92F of the Income-tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the domestic and international transactions entered into with the associated enterprises during the current period. The Management is of the opinion that its domestic and international transactions are at arm’s length so that the aforesaid legislation will not have any impact on the standalone financial statements, particularly on the amount of tax expenses and that of provision for taxation.

49 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 and its subsidiaries under KFPL Employee Stock Option Plan 2019 ('ESOP Plan 2019'). Subsequently, the Board and Nomination and Remuneration Committee (NRC) of the Company have notified three schemes under the ESOP Plan 2019. The maximum number of shares that the Company can issue under the ESOP Plan 2019 are 9,593,839 equity shares. Subsequently 2,500,000 options cancelled by the Company with approval taken in EGM held on 20th October 2020. The revised number of Equity shared under ESOP plan 2019 are 7,093,839 equity shares as at 31 March 2021. The options under these schemes vest to the employees based on various performance and other parameters. As at 31 March 2021, the Company has granted 2,671,991 (net) [31 March 2020: 2,735,038 (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**
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	8-Aug-19 13-Jan-20 8-Sept-20 29-Dec-20
Number of options in pool	28,37,536	21,28,152	21,28,152
Total number of options granted	1,066,691 (31 March 2020: 1,094,016)	800,019 (31 March 2020: 820,511)	800,018 (31 March 2020: 820,511)
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
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
Exercise price	70.36 91.98 110.00	70.36 91.98 110.00	70.36 91.98 110.00

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	**As at 31 March 2021**			**As at 31 March 2020**		
	Scheme A	**Scheme B**	**Scheme C**	**Scheme A**	**Scheme B**	**Scheme C**
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	8-Aug-19 13-Jan-20 8-Sept-20 29-Dec-20	08-Aug-19 13-Jan-20	08-Aug-19 13-Jan-20	08-Aug-19 13-Jan-20
Fair Value of option (In INR)	33.57/ 33.52 35.78	33.57/ 33.52 35.78	33.57/ 33.52 35.78	33.57/ 33.52	33.57/ 33.52	33.57/ 33.52
Exercise price	70.36 91.98 110.00	70.36 91.98 110.00	70.36 91.98 110.00	70.36	70.36	70.36
Risk free interest rate	6.47%/ 6.88% 6.40%	6.47%/ 6.88% 6.40%	6.47%/ 6.88% 6.40%	6.47%/ 6.88%	6.47%/ 6.88%	6.47%/ 6.88%
Remaining contractual life	7/ 3 years	7/ 3 years	7/ 3 years	7/ 3 years	7/ 3 years	7/ 3 years
Expected life of share options (years)	8.15/7.72 years 7.06 years	8.15/7.72 years 7.06 years	8.15/7.72 years 7.06 years	8.15/7.72 years	8.15/7.72 years	8.15/7.72 years
Expected volatility (weighted average volatility %)	14.61%/ 13.96%	14.61%/ 13.96%	14.61%/ 13.96% 16.16%	14.61%/ 13.96%	14.61%/ 13.96%	14.61%/ 13.96%
Expected dividend yields (%)	-	-	-	-	-	-

The expected life of the share options is based on current expectations and is not necessarily indicative of exercise patterns that may occur. 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 average remaining contractual life for the stock options outstanding is 7.06 years post lock in period of 3.5 years and average life of 3.5 years from the date of listing (31 March 2020: 8.15 years post lock in period of 4.65 years and average life of 3.5 years from the date of listing).

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

49 Share Based Payments (continued)

C Reconciliation of share options

	Number of options as at 31 March 2021	Number of options as at 31 March 2020
Outstanding at beginning of the year	27,35,038	-
Granted during the year	18,15,586	30,14,698
Forfeited during the year	(18,83,896)	(2,79,660)
Exercised during the year	-	-
Outstanding at end of the year	26,66,728	27,35,038
Exercisable at the end of the year	-	-

During the current year ended March 31, 2021, the Company has granted 1,815,586 options under ESOP Plan 2019 to eligible employees as identified by the Nomination and Remuneration Committee (NRC).

50 Revenue from contract with customers

(a)

Type of Service	Timing of recognition	For the year ended 31 March 2021	For the year ended 31 March 2020
Fee from registrars and investor services	Over the period	40,457.87	35,980.01
Fee from registrars to the issue services	Over the period	489.31	1,440.58
Income from data processing	Over the period	4,201.82	3,616.28
Income from pension fund solutions	Over the period	267.53	135.02
Recoverable expenses	Over the period	1,762.43	2,885.71
Total		**47,178.96**	**44,057.60**

(b) Contract balances:

	As at 31 March 2021	As at 31 March 2020
Trade receivables, net	9,993.63	7,668.06
Contract assets - unbilled revenue	793.33	886.79
Retention money receivables, net	-	724.09
Contract liabilities (Unearned income)	125.56	81.82

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 2021	For the year ended 31 March 2020
Contract price	46,385.63	43,371.39
Less: Adjustments for price concessions	-	(200.58)
Add: Unbilled revenue	793.33	886.79
Revenue from operations	**47,178.96**	**44,057.60**

51 During the year, the Company vide letter dated 02 March 2021 submitted to Central Depository Services Limited (CSDL) and National Depository Services Limited (NSDL), 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.

52 Subsequent to the balance sheet date, the shareholders of the Company have executed an agreement to terminate the amended and restated shareholder agreement dated 28 May 2021. The Company has also entered into a subscription agreement with a shareholder for subscription to redeemable preference shares. Both these agreements shall come into effect at a future date depending on the happening or non-happening of certain future uncertain events.

53 Subsequent to the balance sheet date, the Company has subscribed to 4,500,000 equity shares at Rs. 10 each on Rights Basis issued by the KFin Services Private Limited. The aforesaid equity shares were allotted on 6 April 2021.

54 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.

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 Private Limited
CIN: U72400TG2017PTC117649

Arpan Jain	**Vishwanathan M Nair**	**Sreekanth Nadella**	**Vivek Narayan Mathur**	**Alpana Uttam Kundu**
Partner	*Chairman*	*Whole time Director & Chief Executive Officer*	*Chief Financial Officer*	*Company Secretary*
Membership No.: 125710	DIN: 02284165	DIN: 08659728	Membership No.: A089454	Membership No.: F10191
Place: Hyderabad	Place: Mumbai	Place: Hyderabad	Place: Mumbai	Place: Thane
Date: 24 June 2021	Date: 24 June 2021	Date: 24 June 2021	Date: 24 June 2021	Date: 24 June 2021