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STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS

The Board of Directors

KFin Technologies Limited (Formerly KFin Technologies Private Limited)

Selenium Tower B, Plot Nos. 31&32,

Gachibowli, Financial District,

Nanakramguda, Serilingampally,

Hyderabad - 500 032

Date: 01 December 2022

Dear Sirs,

Subject: Statement of possible special tax benefits (“the Statement”) available to KFin Technologies Limited (formerly known as ‘KFin Technologies Private Limited’) (“the Company”) and its shareholders (the “Shareholders”) prepared in accordance with the requirement under Schedule VI – Part A - Clause (9) (L) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“the SEBI ICDR Regulations”)

This Report is issued in accordance with the engagement letter dated 16 November 2022.

We hereby report that the enclosed Annexure II prepared by the Company, initialed by us and the Company for identification purpose, states the possible special tax benefits available to the Company and its Shareholders, under direct and indirect tax laws as stated and defined in Annexure I, presently in force in India as on the signing date (together, “**the Tax Laws**”).

The Company does not have any material subsidiary in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, i.e., the Company does not have a subsidiary whose income or net worth in the immediately preceding accounting year (i.e., as on 31 March 2022) exceeds 10% of the consolidated income or consolidated net worth respectively, of the Company.

These possible special tax benefits are dependent on the Company and its Shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company and its Shareholders to derive these possible special tax benefits is dependent upon their fulfilling such conditions, which is based on business imperatives the Company may face in the future and accordingly, the Company and its Shareholders may or may not choose to fulfill.

The benefits discussed in the enclosed Annexure II cover the possible special tax benefits available to the Company and its Shareholders and do not cover any general tax benefits available to the Company and its Shareholders. We wish to highlight that the distinction between “general” and “special” tax benefits is not defined under the ICDR Regulations. Accordingly, we have provided comments on those tax benefits, the availability of which is contingent to the fulfillment of certain conditions as per the applicable tax laws. Further, the preparation of the enclosed Annexure I and II and its contents is the responsibility of the Management of the Company. We were informed that the Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice.

Registered Office:

B S R & Associates LLP

In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed initial public offering of equity shares of the Company through offer for sale of equity shares by a shareholder (the “**Proposed Offer**”) particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the possible special tax benefits, which an investor can avail. Neither are we suggesting nor are we advising the investors to invest money based on this Statement.

We conducted our examination in accordance with the “Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)” (“**Guidance Note**”) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial information, and Other Assurance and Related Services Engagements.

We do not express any opinion or provide any assurance as to whether:

- i) the Company and its Shareholders will continue to obtain these possible special tax benefits in future; or
- ii) the conditions prescribed for availing the possible special tax benefits where applicable, have been/would be met with.

The contents of enclosed Annexures are based on the information, explanation and representations obtained from the Company, and on the basis of our understanding of the business activities and operations of the Company.

Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our views are based on the existing provisions of the Tax Laws and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to the Company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to the Company and any other person in respect of this Statement, except as per applicable law.

We hereby give consent to include this Statement in the Red Herring Prospectus, the Prospectus and in any other material used in connection with the Proposed Offer, and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **B S R & Associates LLP**

Chartered Accountants

ICAI firm registration number: 116231W/ W-100024

Amit Kumar Bajaj

Partner

Membership No.: 218685

ICAI UDIN: 22218685BEQGYX3650

Place: Hyderabad

Date: 01 December 2022

ANNEXURE I

#	Details of Tax Laws
1.	Income Tax Act, 1961 and Income Tax Rules, 1962, each as amended and read with respective circulars and notifications made thereunder
2.	Central Goods and Services Tax Act, 2017, as amended
3.	Integrated Goods and Services Tax Act, 2017, as amended
4.	State Goods and Services Tax Act, 2017, as amended
5.	Customs Act, 1962 and Customs Tariff Act, 1975, each as amended and read with respective rules, circulars and notifications made thereunder
6.	Foreign Trade Policy

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CIN : U72400TG2017PLC117649

ANNEXURE II

ANNEXURE TO THE STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE KFIN TECHNOLOGIES LIMITED (FORMERLY KNOWN AS KFIN TECHNOLOGIES PRIVATE LIMITED) ("THE COMPANY") AND ITS SHAREHOLDERS UNDER THE APPLICABLE DIRECT AND INDIRECT TAX LAWS ("TAX LAWS") IN INDIA

Outlined below are the possible special tax benefits available to the Company and its Shareholders under the Tax Laws. These possible special tax benefits are dependent on the Company and its Shareholders fulfilling the conditions prescribed under the Tax Laws. Hence, the ability of the Company or its Shareholders to derive the possible special tax benefits is dependent upon fulfilling such conditions, which are based on business imperatives it faces in the future, it may or may not choose to fulfill.

UNDER THE TAX LAWS

1. Direct Taxation

A. Special tax benefits available to the Company

The following special tax benefits would be available to the Company after fulfilling conditions as per the respective provisions of the tax laws identified supra:

- a. In accordance with and subject to fulfilment of conditions as laid out under Section 80JJAA of the Income-Tax Act, 1961 ('IT Act') the Company may be entitled to claim deduction of an amount equal to thirty per cent of additional employee cost (relating to specified category of employees) incurred in the course of business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided.
- b. In accordance with the provisions of Section 80M of the IT Act, dividend received by the company from any other domestic company or a foreign company or a business trust, a deduction of an amount equal to so much of the amount of income by way of dividends received from such other domestic company or foreign company or business trust as does not exceed the amount of dividend distributed by the company on or before one month prior to due date of furnishing the income-tax return under Section 139(1) of the IT Act for the relevant year, be allowed.

Further, any deduction, in respect of the amount of dividend distributed by the domestic company, has been allowed under Section 80M(1) of the IT Act in any previous year, no deduction shall be allowed in respect of such amount in any other previous year.

B. Special tax benefits available to Shareholders

The Shareholders of the Company are not eligible to any special tax benefits under the IT Act and Income Tax Rules, 1962 identified supra.

2. Indirect taxation

A. Special tax benefits available to the Company

The Company is not eligible for any special tax benefits under the Central Goods and Services Tax Act, 2017, as amended; Integrated Goods and Services Tax Act, 2017, as amended; State Goods and Services Tax Act, 2017, as amended; Customs Act, 1962 and Customs Tariff Act, 1975, each as amended and read with respective rules, circulars and notifications made thereunder; and the Foreign Trade Policy.

B. Special tax benefits available to Shareholders

The Shareholders of the Company are not eligible for any special tax benefits under the Central Goods and Services Tax Act, 2017, as amended; Integrated Goods and Services Tax Act, 2017, as amended; State Goods and Services Tax Act, 2017, as amended; Customs Act, 1962 and Customs Tariff Act, 1975, each as amended and read with respective rules, circulars and notifications made thereunder; and the Foreign Trade Policy.

NOTES:

1. The above is as per the current tax laws, as amended by the Finance Act, 2022.
2. The above Statement of possible special tax benefits sets out the provisions of Tax Laws in a summary manner only and is not a complete analysis or listing of all the existing and potential tax consequences of the purchase, ownership and disposal of equity shares of the Company.
3. The possible special tax benefits are subject to conditions and eligibility criteria which need to be examined for tax implications.
4. This Statement does not discuss any tax consequences in any country outside India of an investment in the equity shares of the Company. The Shareholders / investors in any country outside India are advised to consult their own professional advisors regarding possible income tax consequences that apply to them under the laws of such jurisdiction.
5. The tax benefits discussed in the Statement are not exhaustive and are only intended to provide general information to the investors and hence, is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

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6. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the applicable double taxation avoidance agreement, if any, between India and the country in which the non-resident has fiscal domicile.

For **KFin Technologies Limited** (formerly known as 'KFin Technologies Private Limited') as authorized by the Board of Directors

Vivek Narayan Mathur
Chief Financial Officer

Place: Mumbai

Date: 01 December 2022

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