



भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

सहायक प्रबंधक Assistant Manager
RAC-निर्गम एवं सूचीबद्धता प्रभाग-1/RAC-Division of Issues and Listing-1
निगम वित्त विभाग/Corporation Finance Department
दूरभाष सं./Phone: +91 22 2644 9955
ई-मेल/Email: poonam@sebi.gov.in

SEBI/HO/CFD/RAC-DIL-1/P/OW/2022/52552/1
October 14, 2022

Ms. Alpana Uttam Kundu,
Company Secretary and Compliance Officer,
Kfin Technologies Limited,
Selenium, Tower-B,
Plot No. 31 & 32,
Financial District, Nanakramguda,
Serilingampally, Hyderabad,
Rangareddi, Telangana - 500032

Ma'am,

Sub: Exemption Application for relaxation under Regulation 300(1)(c) of the SEBI (ICDR) Regulations, 2018 ("SEBI ICDR Regulations") and Paragraph 9 of SEBI (Issuing Observations on Draft Offer Documents pending Regulatory Actions) Order, 2020 ("SEBI General Order") in relation to the proposed Initial Public Offer of Kfin Technologies Limited ("the Company" or "Kfin")

1. This has reference to your letter dated August 17, 2022, addendum letter dated October 4, 2022 and any other correspondences in this regard, whereby, you have *inter alia* sought exemption in respect of disclosures related to Group companies, namely (1) Karvy Stock Broking Limited ("KSBL"), (2) Karvy Data Management Services Limited ("KDMSL"), and (3) Compar Estates and Agencies Private Limited ("Compar") under:
 - (i) Regulation 300(1)(c) of the SEBI ICDR Regulations to the extent that information and confirmations required from group companies under the SEBI ICDR Regulations are not available or accessible to the Company from publicly available information published on the websites of government and regulatory bodies/ authorities (i.e. websites of MCA, SEBI and various high courts and tribunals) or, is not updated on such websites; and
 - (ii) Paragraph 9 of SEBI General Order 2020, from the applicability of paragraph 5 of SEBI General Order 2020.
2. The company and Book Running Lead Managers (BRLMs) while seeking the aforementioned exemptions as per SEBI ICDR Regulations and SEBI General Order have, *inter-alia*, submitted as follows:
 - a. The company has taken several steps to disassociate the company from Mr. C Parthasarthy ("CP") and his relatives and business associates (collectively, "CP Group"), as highlighted in para 1.5 of letter dated Aug 17, 2022 and further, the separation from the Karvy group (in terms of IT and administrative linkages) was completed in March 2021. Consequently, CP group is only associated with the company to the extent of its shareholding in the company.

सेबी भवन, प्लॉट सं. सी 4-ए, "जी" ब्लॉक, बान्द्रा-कुर्ला कॉम्प्लेक्स, बान्द्रा (पूर्व), मुंबई - 400 051.
दूरभाष : 2644 9950 / 4045 9950 (आई.बी.आर.एस.), 2644 9000 / 4045 9000 फैक्स : 2644 9019 से 2644 9022 वेब : www.sebi.gov.in

SEBI Bhavan, Plot No. C4-A, "G" Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051.
Tel.: 2644 9950 / 4045 9950 (IVRS), 2644 9000 / 4045 9000 Fax : 2644 9019 to 2644 9022 Web : www.sebi.gov.in



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- b. KSBL, KDMSL and Compar ceased to be related parties of the company w.e.f. Nov 23, 2019 and have not been identified as related parties under the schedule on RPTs in the audited consolidated financial statements of the company for the FY 2020-21 and 2021-22. Thus, these entities are no longer associated with the company and any transaction with these entities is in ordinary course of business and at arm's length.
- c. Also, the company had repeatedly sought and requested KSBL, KDMSL, and Compar to provide their consent to be named as a Group company in the offer documents and to provide certain information, confirmations and undertakings, as required as per SEBI ICDR Regulations (collectively, "prescribed information") by way of its letters dated Feb 9, 2022, Feb 14, 2022, Feb 21, 2022, Feb 28, 2022 and email dated May 7, 2022. However, despite the repeated attempts, the company has not received the prescribed information till date.
- d. Further, there may be certain matters/ proceedings/ actions pending against these entities for which Kfin does not have any information. Accordingly, in absence of any response, company is unable to ascertain the applicability of and provide any (i) confirmations/ undertakings regarding the regulatory matters/ proceedings initiated by SEBI that may be pending, and (ii) actions taken or pending against KSBL, KDMSL, and Compar, if any, which may be covered under the purview of Para 5 of SEBI General Order, 2020.
- e. In view of the above, the company has proposed to disclose certain prescribed information about the aforementioned group companies, only to the extent available and accessible to the company from publicly available information published on the websites of government and regulatory bodies/ authorities (i.e. websites of MCA, SEBI and various high courts and tribunals). However, the company has not been able to independently verify these disclosures or any other factual confirmations required to be made in relation to group companies. Also, the information is not updated and subsequent development may have occurred which the company is not in a position to discover and update.
- f. Further, the company has proposed to include a risk factor as the prescribed information is proposed to be disclosed solely on the basis of publicly available information and the company has not been able to independently verify the factual accuracy and completeness of these disclosures.
- g. Additionally, the company shall not be able to provide confirmations in relation to KSBL, KDMSL, and Compar which may be required by SEBI pursuant to SEBI General Order, 2020. The proposed disclosure pertaining to litigations involving these group companies in the "Outstanding litigation and Material Developments" section is based solely on publicly available information.
- h. The company has submitted that (i) the company, its directors or its promoter do not hold any equity shares in KSBL, KDMSL or Compar; (ii) KSBL, KDMSL or Compar do not hold any equity shares in the subsidiaries of the company; (iii) based on the information provided on the website of MCA, the company is unable to identify the current KMPs of KSBL, KDMSL and Compar; (iv) from the Provisional Attachment Order no. 06 of 2022 dated March 8, 2022, issued by the Enforcement Directorate, Hyderabad zonal office,



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and address of registered offices of KSBL, KDMSL and Compar as per MCA, the premises of registered office of KSBL are attached; and (v) CP and its related entities have not attended any shareholders' meeting since October 20, 2020.

- i. BRLMs have vide its letter dated October 4, 2022 submitted due diligence process in respect of the exemption application and *inter-alia* confirmed the following:
 - Due-Diligence was carried out w.r.t. exemption application made by the Company;
 - All necessary steps have been taken by the Company to obtain the requisite information from the relevant entities (i.e. KSBL, KDMSL and Compar) as required under the SEBI ICDR Regulations; and
 - BRLMs have verified the facts set out against documents and records in respect of the communication explained in the Exemption Application.
 - j. BRLMs have also confirmed that addresses of the relevant entities have been verified with the corporate records available on the website of the Ministry of Corporate Affairs (MCA), email address of sender has been verified based on certificates provided by them and receivers email address has been verified from the records of MCA and sufficient time period was given to respond to the letters and emails sent by the company.
 - k. BRLMs have further confirmed that there are no past or current legal disputes between the relevant entities and the Company, its Promoter, Directors and Members of the Promoter Group. No control is exercised by the relevant entities over the affairs of the company. Neither the Company, its Directors nor its Promoters hold any equity shares in the relevant entities. Further, the relevant entities do not hold any equity shares in the subsidiaries of the company.
3. Based on the circumstances of the case and the facts presented by you and confirmations provided by BRLMs, it has been decided by the Competent Authority to accede to your request (as mentioned in para 4.1(i) of your letter). The approval is subject to the following conditions –
- a. The Company and BRLMs shall undertake that all disclosures in respect of KSBL, KDMSL and Compar as required under the SEBI ICDR Regulations shall be made to the extent available or accessible to the Company from publicly available information published on the websites of government and regulatory bodies/ authorities and stock exchanges and not limited to the websites of MCA, SEBI and various high courts and tribunals.
4. In respect of your request as mentioned in para 4.1(ii) of your letter, you may appreciate that as per SEBI records as on date, and thus, no exemption is required to be provided to the company from applicability of para 5 of SEBI General Order, 2020 as on date. However, the company and BRLMs shall ensure the following:
- a. An appropriate Risk Factor shall be included in the Offer Documents to disclose risks associated with ongoing proceedings at SEBI against KSBL in the nature of enquiry, prosecution, and proceedings under section 11B of SEBI Act, 1992.



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5. General Conditions:

- a. There is no change in status quo (as provided in your letters) in respect of KSBL, KDMSL and Compar.
- b. Details of the exemption are disclosed in the offer document of the proposed Initial Public Offer.
- c. You are also advised to disclose correspondence, if any, which you may receive from KSBL, KDMSL or Compar to SEBI and in the UDRHP and RHP.
- d. This letter along with your letters dated August 17, 2022 and October 4, 2022 shall be part of material contracts and documents for inspection as disclosed in the offer documents.

6. The aforesaid approval is for limited purpose of undertaking the proposed IPO. Further, the approval is specific to the present case and shall not be treated as a precedent.

Yours faithfully,

Poonam

Copy to:

Mr. Prem D' Cunha
ICICI Securities Limited,
ICICI Venture House,
Appasaheb Marathe Marg, Prabhadevi,
Mumbai 400025
Maharashtra, India