

## **NOTICE**

Notice is hereby given that the 4<sup>th</sup> Annual General Meeting of Members of **M/s. KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)** will be held on Thursday, September 30, 2021, at 10.00 a.m. through Video Conferencing / Other Audio-Visual Means facility to transact the following business:

### **ORDINARY BUSINESS:**

1. To consider and adopt the Audited Financial Statements (including Consolidated Financial Statements) for the financial year ended 31<sup>st</sup> March 2021 and the reports of the Board of Directors and the Auditors thereon.

### **SPECIAL BUSINESS:**

2. To appoint Mr. Srinivas Peddada (DIN-08755240) as a Non-Executive Director and in this regard, to consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 152, 160 and other applicable provisions of the Companies Act, 2013 (“the Act”) and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Mr. Srinivas Peddada (DIN-08755240) who was appointed as an Additional Director with effect from 07<sup>th</sup> July 2020 in terms of Section 161(1) of the Companies Act, 2013 and Articles of Association of the Company be and is hereby appointed as a Director of the Company.

**RESOLVED FURTHER THAT** any of the Director of the Company of the Company be and are hereby severally authorized to do all such acts, deeds and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

3. To approve the alteration of the Articles of Association of the Company and in this regard, to consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company;

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

**KFin Technologies Private Limited**

(Formerly known as “Karvy Fintech Private Limited”)

**Registered & Corporate Office**

4. To approve the reclassification of the authorised share capital of the company and consequent amendment of the memorandum of association of the company and in this regard, to consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** in accordance with the provisions of Sections 13, 61 and other applicable provisions of the Companies Act, 2013 and the applicable rules made thereunder the approval of the members be and is hereby accorded for cancellation of unissued equity shares to the extent of 20,000 (Twenty Thousand) equity shares of Rs. 10 each and simultaneous creation of 1000 (One Thousand) preference shares of Rs. 200 (Two Hundred) each aggregating to Rs. 2,00,000/- (Rs. Two Lakhs only).

**RESOLVED FURTHER THAT** the memorandum of association of the Company be and is hereby altered by substituting the existing Clause 5 thereof by the following new Clause 5 as under:

5. *The Authorised Share Capital of the Company is Rs.1,76,00,00,000/- (Rupees One Hundred Seventy Six Crore only) consisting of 17,59,80,000 (Seventeen Crore Fifty Nine Lakhs Eighty Thousand only) equity shares of Rs. 10 (Rupees Ten) each and 1,000 (One Thousand) preference shares of Rs. 200 (Rupees two Hundred) each.*

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

**By Order of the Board of Directors  
For KFin Technologies Private Limited  
(Formerly known as Karvy Fintech Private Limited)**

*Alpana.*



**Alpana Kundu  
Company Secretary and Compliance Officer  
M.No. F10191**

**Date: September 06, 2021  
Place: Thane**

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**NOTES:**

1. Considering the present Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its circular dated January 13, 2021, read together with circulars dated April 8, 2020, April 13, 2020 and May 5, 2020 (collectively referred to as “MCA Circulars”) permitted convening the Annual General Meeting (“AGM”/ “Meeting”) through Video Conferencing (“VC”) or Other Audio-Visual Means (“OAVM”), without the physical presence of the Members at a common venue. In accordance with MCA Circulars and provisions of the Companies Act, 2013 (“the Act”), the AGM of the Company is being held through VC / OAVM. The deemed venue for the AGM shall be the Registered Office of the Company.
2. A Statement pursuant to Section 102(1) of the Act, relating to the Special Business to be transacted at the AGM is annexed hereto.
3. Generally, a member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. Since this AGM is being held through VC / OAVM pursuant to the MCA Circulars, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed hereto.
4. Since the AGM will be held through VC / OAVM, the route map of the venue of the Meeting is not annexed hereto.
5. Corporate members intending to authorise their representative(s) to attend the Meeting are requested to send to the Company vide an email at [alpana.kundu@kfintech.com](mailto:alpana.kundu@kfintech.com), a certified true copy of the relevant Board Resolution authorising their representative(s) to attend and vote on their behalf at the meeting, before the commencement of the Meeting.
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote at the AGM.
7. In compliance with the MCA Circulars, Notice of the AGM along with the Annual Report is being sent only through electronic mode to those members whose email address are registered with the Company / Depositories.
8. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act and the relevant documents referred to in the Notice will be available electronically for inspection by the members during the AGM.
9. All documents referred to in the Notice will also be available for electronic inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM. Members seeking to inspect such documents can send an email to [alpana.kundu@kfintech.com](mailto:alpana.kundu@kfintech.com).

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10. Members seeking any information with regard to the accounts or any matter to be placed at the AGM are requested to write to the Company on or before 11.00 am on September 29, 2021 through e-mail on [alpana.kundu@kfintech.com](mailto:alpana.kundu@kfintech.com). The same will be replied by the Company suitably.
11. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
12. Members can cast their vote by a show of hands during the AGM or by sending an e-mail on [alpana.kundu@kfintech.com](mailto:alpana.kundu@kfintech.com) in case of a poll.
13. The facility to join the AGM shall be kept open 15 minutes before and after the AGM
14. Instructions for Joining the AGM through VC/OAVM:

**In case you already have** Microsoft Teams installed on your Laptop / Computer / iPad / Mobile Phone, click on **“Join Microsoft Teams Meeting”** option from the invitation.

You will be connected to the meeting.

**In case you do not have** Microsoft Teams installed on your Laptop / Computer / iPad / Mobile Phone, please follow the below given **procedure to participate**.

**Option 1:** For participating through **Windows / Mac Book/ Computer devices:**

- Open the email invitation using preferably **Google Chrome** browser.
- Click on **“Join Microsoft Teams Meeting”** option from the email invitation / your calendar events.
- A new Browser window would open. Select **“Join on the web instead”**. Once you reach to the **“Enter Name”** prompt, enter your name and click **“Join as a Guest”**.
- You have entered in the Meeting. Make sure you start your camera and keep the microphone **“Mute”** when not speaking.

**Option 2:** For installing Microsoft Teams on your **Android / iOS / Microsoft Windows devices:**

- Click on **“Join Microsoft Teams Meeting”** from the email invitation/calendar events.
- System will prompt you to download Microsoft Teams.
- Download and Install Microsoft teams. Please do not try to login.
- Once installed, click on invitation once again on **“Join Microsoft Teams Meeting”** from the email invitation/calendar events.
- You will be prompted to Microsoft Teams Application.
- Click on **“Join as a Guest”** option.
- **Type your Name** and once again click on **“Join as a Guest”**
- You **have** entered in the Meeting. Make sure you start your camera and keep the microphone **“Mute”** when not speaking.

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## Statement Pursuant to Section 102 of the Companies Act, 2013

The following Statement sets out all material facts relating to the Special Business mentioned in the Notice:

### Item No. 2:

The Board of Directors of the Company appointed, pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, Mr. Srinivas Peddada (DIN 08755240) as an Additional Director of the Company with effect from 7th July 2020.

In terms of the provisions of Section 161(1) of the Act, Mr. Srinivas Peddada would hold office up to the date of the ensuing Annual General Meeting. It is propose to appoint Mr. Srinivas Peddada for the office of Director of the Company.

Mr. Srinivas Peddada is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

Brief profile of Mr. Srinivas Peddada and other requisite details pursuant to the provisions of the Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India are as under: -

### Profile:

Mr. Srinivas Peddada is a Senior Advisor at General Atlantic, drawing on more than 25 years of experience in IT applications and infrastructure to provide strategic support and advice to the firm's investment teams and portfolio companies in the Technology sector in India & Southeast Asia. Before joining General Atlantic in 2020, Mr. Srinivas Peddada was Executive Vice President and Chief Information Officer at Bharat Financial Inclusion Limited, where he led a team of 300+ professionals and oversaw technology strategy as part of the firm's broader turnaround effort. Prior to that, Mr. Srinivas Peddada served as Chief Information Officer at Dun & Bradstreet in its South Asia, Middle East & North Africa Group. He has also served as Chief Technology Officer at AIG and GE Money (India Region), in addition to working as a Certified Architect at IBM Albany NY.

### Other requisite details:

Sr. No.	Particulars	Details of the Appointee
1.	Age	54 Years
2.	Qualifications	B Tech
3.	Experience	25 Years
4.	Terms and conditions of appointment along with details of remuneration sought to be paid and the remuneration last drawn by such person, if applicable	NA
5.	Date of first appointment on the Board	02 <sup>nd</sup> July 2020
6.	Shareholding in the Company	-

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Selenium Building, Tower-B, Plot No- 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddi, Telangana, India, 500032.

Ph : +91 40 6716 2222, 7961 1000 | <https://www.kfintech.com> | CIN : U72400TG2017PTC117649

7.	Relationship with other Directors/Manager or Key Managerial Personnel	-
8.	Number of Board Meetings attended during the year	6
9.	Other Directorships and Memberships/Chairmanship of Committees of other Boards	Nil

Save and except Mr. Srinivas Peddada and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 2 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No. 2 of the Notice for approval by the shareholders.

**Item No. 3:**

Members will note that the shareholders' agreement dated August 3, 2017 executed amongst the Company and its shareholders, as amended from time to time, is terminated and the Company is required to make certain amendments to its Articles of Association in order to delete the provisions of the said agreement and incorporate certain provisions agreed between the shareholders of the Company. Given this position, it is considered expedient to wholly replace the existing Articles of Association by a new set of Articles.

Under Section 14 of the Companies Act, 2013, a special resolution is required to be passed at a general meeting to alter the articles of association of the Company.

Relevant documents (including copies of the articles (current and proposed) of association of the Company and the register of directors, including their shareholding) are open for inspection by the members at the Registered Office of the Company on all working days, during business hours up to the date of the Meeting.

None of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 3 of the Notice.

The Board recommends the Special Resolution set out at Item No. 3 of the Notice for approval by the shareholders.

**Item No. 4:**

The existing authorised share capital of the Company is Rs. 1,76,00,00,000 (One Hundred and Seventy Six Crores only) divided into 17,60,00,000 (Seventeen Crores and Sixty Lakhs only) equity shares having face value of Rs. 10 each.

It is proposed to cancel the unissued equity shares to the extent of 20,000 (Twenty Thousand) equity shares of Rs. 10 each and simultaneous creation of 1000 (One Thousand) preference shares of Rs. 200 (Two Hundred) each aggregating to Rs. 2,00,000/- (Rs. Two Lakhs only).

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Further, under Section 61 of the Companies Act, 2013, the consent of the members is required to alter the authorised share capital of the Company. The reclassification of the authorised share capital of the Company also requires relevant amendments to be made to the memorandum of association of the Company, which requires approval of the members of the Company by way of an ordinary resolution.

None of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the shareholders

**By Order of the Board of Directors  
For KFin Technologies Private Limited  
(Formerly known as Karvy Fintech Private Limited)**

*Alpana*



**Alpana Kundu  
Company Secretary and Compliance Officer  
M.No. F10191**

**Date: September 06, 2021  
Place: Thane**

# B S R & Associates LLP

Chartered Accountants

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  
Fax +91 40 7182 2399

## 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



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

**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

<b>Key Audit Matter</b>	<b>How the matter was addressed in our audit</b>
<p><b>I) Revenue recognition</b></p> <p>Refer Note 2(M) and 28 to the standalone financial statements.</p> <p>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".</p> <p>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.</p>	<p>In view of the significance of the matter we applied the following key audit procedures in this area:</p> <ul style="list-style-type: none"><li>➤ Performing the comparison of revenue recognition accounting policies with applicable accounting standards;</li><li>➤ Evaluating the design of controls and operating effectiveness of the relevant key controls with respect to revenue recognition;</li><li>➤ Performing substantive testing on samples selected using statistical sampling method for revenue transactions recorded during the year by testing the underlying documentation/ records;</li><li>➤ Involving our information technology specialists to test the general information technology controls and key application controls surrounding revenue recognition;</li><li>➤ 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</li><li>➤ Carrying out year on year variance analysis on revenue recognised during the year to identify unusual variances</li></ul>

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

**Key Audit Matters (continued)**

<p><b>(II) Valuation of Trade receivable</b></p> <p>Refer Note 2 (N &amp; Q), Note 13 and Note 17 to the Standalone financial statements.</p> <p>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.</p> <p>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.</p> <p>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).</p> <p>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.</p>	<p>In view of the significance of the matter we applied the following key audit procedures in this area:</p> <ul style="list-style-type: none"><li>➤ Evaluating the design of controls and operating effectiveness of the relevant key controls with respect to Trade receivables;</li><li>➤ 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;</li><li>➤ Circulating trade receivable confirmations on a sample basis using statistical sampling method and also testing underlying invoices where confirmations were not received;</li><li>➤ Assessing collections subsequent to the balance sheet date; and</li><li>➤ 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.</li></ul>
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**KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)  
Independent Auditor’s Report of the standalone financial statements (continued)**

**Key Audit Matters (continued)**

Key Audit Matter	How the matter was addressed in our audit
<p><b>(III) Impairment test of goodwill</b></p> <p>Refer Notes 2(I), Note 4 and Note 43 to the Standalone financial statements</p> <p>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)</p> <p>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.</p> <p>In performing the impairment test of goodwill, the Company has made several key assumptions, such as growth rates, discount rates and forecasted cash flows.</p> <p>There is a risk of use of inappropriate judgment in making these assumptions.</p>	<p>In view of the significance of the matter we applied the following key audit procedures in this area:</p> <ul style="list-style-type: none"> <li>➤ 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;</li> <li>➤ evaluating the assumptions applied to key inputs such as sales, operating costs and long-term growth rates;</li> <li>➤ 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</li> <li>➤ evaluating the adequacy of the standalone financial statement disclosures, including disclosures of key assumptions, judgments and sensitivities.</li> </ul>
<p><b>(IV) Unauthorised transfer by a Third Party of shares issued by Client lying in an Escrow account</b></p> <p>Refer Note 36(B)(e) to the Standalone financial statements</p> <p>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.</p> <p>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.</p>	<p>In view of the significance of the matter we applied the following key audit procedures in this area:</p> <ul style="list-style-type: none"> <li>➤ Understood the matter from the Chief Financial Officer, Audit Committee Chairman and made necessary enquiries</li> <li>➤ 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.</li> <li>➤ 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</li> <li>➤ Read the external legal opinion sought by the Company on the matter</li> <li>➤ Communicated the matter to those charged with governance</li> </ul>

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

**Key Audit Matters (continued)**

<p>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.</p> <p>Considering significant time spent during audit, we have considered aforesaid matter as a key audit matter.</p>	<p>➤ Evaluated the adequacy of the disclosures made in the standalone financial statements</p>
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**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.

**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 (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.

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

**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

**B S R & Associates LLP**

**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

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Date: 2021.06.24  
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**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 statute	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.

**B S R & Associates LLP**

**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

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Date: 2021.06.24  
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**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.

## **B S R & Associates LLP**

**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

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Date: 2021.06.24  
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**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	31 March 2020
<b>I. ASSETS</b>			
<b>(1) Non-current assets</b>			
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
<b>Total non-current assets</b>		<b>67,974.59</b>	<b>74,139.07</b>
<b>(2) Current assets</b>			
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
<b>Total current assets</b>		<b>23,928.75</b>	<b>12,626.69</b>
<b>TOTAL ASSETS</b>		<b>91,903.34</b>	<b>86,765.76</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>(1) Equity</b>			
Equity share capital	19	15,084.36	15,084.36
Other equity	20	19,272.08	25,846.28
<b>Total equity</b>		<b>34,356.44</b>	<b>40,930.64</b>
<b>(2) Non-current liabilities</b>			
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	-
<b>Total non-current liabilities</b>		<b>45,237.88</b>	<b>37,610.18</b>
<b>(3) Current liabilities</b>			
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
<b>Total current liabilities</b>		<b>12,309.02</b>	<b>8,224.94</b>
<b>Total liabilities</b>		<b>57,546.90</b>	<b>45,835.12</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>91,903.34</b>	<b>86,765.76</b>

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

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SHANTILAL JAIN

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Date: 2021.06.24  
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Arpan Jain  
Partner  
Membership No.: 125710

VISHWANATH  
HAN MAVILA  
NAIR

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NAIR  
Date: 2021.06.24  
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Vishwanathan M Nair  
Chairman  
DIN: 02284165

VENKATA  
SATYA NAGA  
SREEKANTH  
NADELLA

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VENKATA  
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SREEKANTH  
NADELLA  
Date: 2021.06.24  
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Sreekanth Nadella  
Who's time Director &  
Chief Executive Officer  
DIN: 08659728

VIVEK  
NARAYAN  
MATHUR

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VIVEK  
NARAYAN  
MATHUR  
Date: 2021.06.24  
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Vivek Narayan Mathur  
Chief Financial Officer  
Membership No.: A089454

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KUNDU

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ALPANA UTTAM  
KUNDU  
Date: 2021.06.24  
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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
<b>Income</b>			
I. Revenue from operations	28	47,178.96	44,057.60
II. Other income	29	469.12	764.13
<b>III. Total Income (I+II)</b>		<b>47,648.08</b>	<b>44,821.73</b>
<b>IV. Expenses</b>			
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
<b>Total expenses (IV)</b>		<b>41,207.20</b>	<b>42,864.40</b>
<b>V. Profit before tax ( III-IV )</b>		<b>6,440.88</b>	<b>1,957.33</b>
<b>VI. Tax expense:</b>			
Current tax	35	207.00	-
Deferred tax expenses	35	12,965.28	1,369.95
		<b>13,172.28</b>	<b>1,369.95</b>
<b>VII. (Loss)/ profit for the year ( V-VI )</b>		<b>(6,731.40)</b>	<b>587.38</b>
<b>VIII. Other comprehensive income</b>			
<i>A. Items that will not be reclassified to profit or loss</i>			
Remeasurement of defined benefit plans		47.57	(169.05)
Income tax relating to remeasurement of defined benefit plans		(11.97)	42.55
<b>Total other comprehensive income for the year, net of tax (VIII)</b>		<b>35.60</b>	<b>(126.50)</b>
<b>IX. Total comprehensive (loss)/ income for the year (VII+VIII)</b>		<b>(6,695.80)</b>	<b>460.88</b>
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 **BSR & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration No.: 116231 W/W-100024

**ARPAN SHANTILAL JAIN**  
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Date: 2021.06.24 18:37:18 +05'30'

**Arpan Jain**  
Partner  
Membership No.: 125710

Place: Hyderabad  
Date: 24 June 2021

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

**VISHWANATHAN MAVILA NAIR**  
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Date: 2021.06.24 15:49:49 +05'30'

**Vishwanathan M Nair**  
Chairman  
DIN: 02284165

Place: Mumbai  
Date: 24 June 2021

**VENKATA SATYA NAGASREEKANTH NADELLA**  
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Date: 2021.06.24 15:49:49 +05'30'

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

Place: Hyderabad  
Date: 24 June 2021

**VIVEK NARAYAN MATHUR**  
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Date: 2021.06.24 14:50:32 +05'30'

**Vivek Narayan Mathur**  
Chief Financial Officer  
Membership No.: A089454

Place: Mumbai  
Date: 24 June 2021

**ALPANA UTTAM KUNDU**  
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Date: 2021.06.24 14:50:32 +05'30'

**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	
<b>Opening Balance as at 1 April 2019</b>	<b>16,583.14</b>	<b>34,392.52</b>	<b>1.00</b>	-	<b>750.00</b>	<b>91.27</b>	-	<b>51.92</b>	<b>35,286.71</b>
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)
<b>Balance as at 31 March 2020</b>	<b>15,084.36</b>	<b>22,824.33</b>	<b>1.00</b>	<b>1,498.78</b>	<b>750.00</b>	<b>678.65</b>	<b>168.10</b>	<b>(74.58)</b>	<b>25,846.28</b>
<b>Opening Balance as at 1 April 2020</b>	<b>15,084.36</b>	<b>22,824.33</b>	<b>1.00</b>	<b>1,498.78</b>	<b>750.00</b>	<b>678.65</b>	<b>168.10</b>	<b>(74.58)</b>	<b>25,846.28</b>
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
<b>Balance as at 31 March 2021</b>	<b>15,084.36</b>	<b>22,824.33</b>	<b>1.00</b>	<b>1,498.78</b>	<b>750.00</b>	<b>(6,052.75)</b>	<b>289.70</b>	<b>(38.98)</b>	<b>19,272.08</b>

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

**ARPAN**  
**SHANTILAL JAIN**  
Digitally signed by ARPAN SHANTILAL JAIN  
Date: 2021.06.24 18:39:17 +05'30'

**Arpan Jain**  
Partner  
Membership No.: 125710

Place: Hyderabad  
Date: 24 June 2021

for and on behalf of Board of Directors of

**KFin Technologies Private Limited**

CIN: U72400TG2017PTC117649

**VISHWANATHA N MAVILA NAIR**  
Digitally signed by VISHWANATHAN MAVILA NAIR  
Date: 2021.06.24 15:50:40 +05'30'

**Vishwanathan M Nair**  
Chairman  
DIN: 02284165

Place: Mumbai  
Date: 24 June 2021

**VENKATA SATYA NAGA SREEKANTH NADELLA**  
Digitally signed by VENKATA SATYA NAGA SREEKANTH NADELLA  
Date: 2021.06.24 15:50:40 +05'30'

**Sreelanth Nadella**  
Whole time Director & Chief Executive Officer  
DIN: 08659728

Place: Hyderabad  
Date: 24 June 2021

**VIVEK NARAYAN MATHUR**  
Digitally signed by VIVEK NARAYAN MATHUR  
Date: 2021.06.24 14:52:48 +05'30'

**Vivek Narayan Mathur**  
Chief Financial Officer  
Membership No.: A089454

Place: Mumbai  
Date: 24 June 2021

**ALPANA UTTAM KUNDU**  
Digitally signed by ALPANA UTTAM KUNDU  
Date: 2021.06.24 14:52:48 +05'30'

**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
<b>A. Cash flows from operating activities</b>		
<b>Net profit before tax</b>	<b>6,440.88</b>	<b>1,957.33</b>
<i>Adjustment for:</i>		
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
<b>Operating profit before working capital changes</b>	<b>21,350.07</b>	<b>16,382.42</b>
<b>Working capital adjustments:</b>		
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
<b>Cash generated from operations</b>	<b>20,409.13</b>	<b>13,212.64</b>
Income taxes paid (including tax deducted at source)	(243.37)	(2,976.35)
<b>Net cash generated from operating activities (A)</b>	<b>20,165.76</b>	<b>10,236.29</b>
<b>B. Cash flow from investing activities</b>		
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
<b>Net cash (used in)/ generated from investing activities (B)</b>	<b>(10,640.53)</b>	<b>9,775.00</b>
<b>C. Cash flows from financing activities</b>		
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)
<b>Net cash used in financing activities (C)</b>	<b>(8,886.88)</b>	<b>(20,551.00)</b>
<b>Net increase/ (decrease) in cash and cash equivalents (A+B+C)</b>	<b>638.35</b>	<b>(539.71)</b>
Cash and cash equivalents at the beginning of the year	833.09	1,372.80
<b>Cash and cash equivalents at the end of the year</b>	<b>1,471.44</b>	<b>833.09</b>
<b>Reconciliation of Cash and Cash equivalents with the standalone balance sheet (Refer Note 14)</b>		
Cash on hand	-	0.84
Balance with banks:		
(i) in current accounts	1,471.44	832.25
	<b>1,471.44</b>	<b>833.09</b>



**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**

Chartered Accountants

ICAI Firm Registration no : 116231 WW-100024

**ARPAN SHANTILAL JAIN**  
Digitally signed by  
ARPAN SHANTILAL JAIN  
Date: 2021.06.24  
18:41:23 +05'30'

**Arpan Jain**  
Partner

Membership No.: 125710

Place: Hyderabad  
Date: 24 June 2021

for and on behalf of Board of Directors of

**KFin Technologies Private Limited**

CIN: U72400TG2017PTC117649

**VISHWANATHAN M NAIK**  
Digitally signed by  
VISHWANATHAN M NAIK  
Date: 2021.06.24  
15:52:08 +05'30'

**Vishwanathan M Nair**  
Chairman

DIN: 02284165

Place: Mumbai  
Date: 24 June 2021

**VENKATASATYA NAGANAREKANTH NADELLA**  
Digitally signed by  
VENKATASATYA NAGANAREKANTH NADELLA  
Date: 2021.06.24  
15:52:08 +05'30'

**Sreekanth Nadella**  
Whole time Director &  
Chief Executive Officer

DIN: 08659728

Place: Hyderabad  
Date: 24 June 2021

**VIVEK NARAYAN MATHUR**  
Digitally signed by  
VIVEK NARAYAN MATHUR  
Date: 2021.06.24  
14:54:26 +05'30'

**Vivek Narayan Mathur**  
Chief Financial Officer

Membership No.: A089454

Place: Mumbai  
Date: 24 June 2021

**ALPANA UTTAM KUNDU**  
Digitally signed by  
ALPANA UTTAM KUNDU  
Date: 2021.06.24  
14:54:26 +05'30'

**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)**

**Notes to standalone financial statements (continued)**

*(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
<b>Gross carrying amount</b>								
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)
<b>Balance as at 31 March 2020</b>	<b>1,615.44</b>	<b>2,703.62</b>	<b>214.60</b>	<b>379.43</b>	<b>73.03</b>	<b>113.71</b>	<b>5,099.83</b>	<b>-</b>
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)	-
<b>Balance as at 31 March 2021</b>	<b>1,772.38</b>	<b>3,134.43</b>	<b>213.37</b>	<b>414.47</b>	<b>71.42</b>	<b>78.13</b>	<b>5,684.20</b>	<b>-</b>
<b>Accumulated depreciation</b>								
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)	-
<b>Balance as at 31 March 2020</b>	<b>481.51</b>	<b>918.57</b>	<b>48.24</b>	<b>171.96</b>	<b>10.35</b>	<b>36.96</b>	<b>1,667.59</b>	<b>-</b>
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)	-
<b>Balance as at 31 March 2021</b>	<b>851.60</b>	<b>1,631.20</b>	<b>81.63</b>	<b>247.65</b>	<b>16.60</b>	<b>12.44</b>	<b>2,841.12</b>	<b>-</b>
<b>As at 31 March 2021</b>	<b>920.78</b>	<b>1,503.23</b>	<b>131.74</b>	<b>166.82</b>	<b>54.82</b>	<b>65.69</b>	<b>2,843.08</b>	<b>-</b>
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

**KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)**

**Notes to standalone financial statements (continued)**

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

**4 Goodwill**

	Amount
<b>Gross carrying amount</b>	
Balance as at 1 April 2019	67,491.55
Acquisitions through business combinations (Refer Note 44)	136.01
Additions	-
Deletions	-
<b>Balance as at 31 March 2020</b>	<b>67,627.56</b>
Balance as at 1 April 2020	67,627.56
Additions	-
Deletions	-
<b>Balance as at 31 March 2021</b>	<b>67,627.56</b>
<b>Accumulated amortisation</b>	
Balance as at 1 April 2019	2,496.26
Amortisation for the year	6,762.09
<b>Balance as at 31 March 2020</b>	<b>9,258.35</b>
Balance as at 1 April 2020	9,258.35
Amortisation for the year	6,743.61
<b>Balance as at 31 March 2021</b>	<b>16,001.96</b>
<b>Carrying amounts (net)</b>	
<b>At 31 March 2021</b>	<b>51,625.60</b>
At 31 March 2020	58,369.21

**5 Other intangible assets**

	Computer Software	Customer relationships	Total	Intangible assets under development
<b>Gross carrying amount</b>				
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)
<b>Balance as at 31 March 2020</b>	<b>1,236.41</b>	<b>2,189.78</b>	<b>3,426.19</b>	<b>8.30</b>
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)
<b>Balance as at 31 March 2021</b>	<b>3,399.15</b>	<b>2,189.78</b>	<b>5,588.93</b>	<b>251.15</b>
<b>Accumulated amortisation</b>				
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	-
<b>Balance as at 31 March 2020</b>	<b>363.48</b>	<b>170.20</b>	<b>533.68</b>	<b>-</b>
Balance as at 1 April 2020	363.48	170.20	533.68	-
Amortisation for the year	337.56	437.48	775.04	-
<b>Balance as at 31 March 2021</b>	<b>701.04</b>	<b>607.68</b>	<b>1,308.72</b>	<b>-</b>
<b>Carrying amounts (net)</b>				
<b>At 31 March 2021</b>	<b>2,698.11</b>	<b>1,582.10</b>	<b>4,280.21</b>	<b>251.15</b>
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.

KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)

Notes to standalone financial statements (continued)

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

Particulars	As at 31 March 2021	As at 31 March 2020
<b>6 Investments in subsidiaries</b>		
<b>Investment in equity instruments - unquoted- at cost less provision for other than temporary impairment</b>		
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
	<b>1,522.96</b>	<b>1,522.96</b>
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	-	-
<b>7 Non-current loans</b>		
<i>Unsecured, considered good</i>		
Rental deposits	457.15	450.68
	<b>457.15</b>	<b>450.68</b>
The Company's exposure to credit risks are disclosed in Note 41		
<b>Break up of security details</b>		
(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	-	-
<b>Total</b>	<b>457.15</b>	<b>372.58</b>
Allowance for credit loss	-	-
<b>Total loans</b>	<b>457.15</b>	<b>372.58</b>
<b>8 Other non-current financial assets</b>		
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
	<b>63.04</b>	<b>88.31</b>
* 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.		
<b>9 Deferred tax (liability)/ assets (net)</b>		
<b>Deferred tax assets</b>		
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
<b>Total deferred tax assets</b>	<b>761.04</b>	<b>4,161.24</b>
<b>Deferred tax liabilities</b>		
Property, plant and equipment, Goodwill and other intangible assets	(12,890.59)	(3,463.88)
Others	(366.26)	(215.92)
<b>Total deferred tax liabilities</b>	<b>(13,256.85)</b>	<b>(3,679.80)</b>
<b>Deferred tax (liability)/ assets (net)</b>	<b>(12,495.81)</b>	<b>481.44</b>
<b>10 Non-current tax assets</b>		
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
	<b>3,395.66</b>	<b>3,309.67</b>
<b>11 Other non-current assets</b>		
Capital advances	3.99	-
Prepayments	214.48	36.43
	<b>218.47</b>	<b>36.43</b>

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

Particulars	As at 31 March 2021	As at 31 March 2020
<b>12 Current investments</b>		
<b>Investments in equity instruments - quoted - at FVTPL</b>		
1,294,489 (31 March 2020: Nil) equity shares of Petronet LNG Limited of INR 10 each, fully paid-up	2,908.07	-
	<b>2,908.07</b>	-
<b>Investments in mutual funds - quoted - at FVTPL</b>		
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
	<b>6,582.85</b>	<b>1,354.38</b>
	<b>9,490.92</b>	<b>1,354.38</b>
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
<b>Note:</b> 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.		
<b>13 Trade receivables</b>		
<i>(Unsecured, considered good)</i>		
Trade receivables	11,353.04	8,794.13
Receivables from related parties (Refer Note 40)	83.78	165.25
	<b>11,436.82</b>	<b>8,959.38</b>
Less: Allowance for credit loss	(1,443.19)	(1,291.32)
	<b>9,993.63</b>	<b>7,668.06</b>
<b>Break up of security details</b>		
(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
<b>Total</b>	<b>11,436.82</b>	<b>8,959.38</b>
Allowance for credit loss	(1,443.19)	(1,291.32)
<b>Total trade receivables</b>	<b>9,993.63</b>	<b>7,668.06</b>
<b>Movements in the provision for credit impaired trade receivables are as follows:</b>		
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	<b>1,443.19</b>	<b>1,291.32</b>
The Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in Note 41		
<b>14 Cash and cash equivalents</b>		
Cash on hand	-	0.84
Balance with banks:		
(i) in current accounts	1,471.44	832.25
	<b>1,471.44</b>	<b>833.09</b>
<b>15 Bank balances other than cash and cash equivalents</b>		
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
	<b>54.34</b>	<b>283.48</b>

\* 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

**KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)**

**Notes to standalone financial statements (continued)**

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

Particulars	As at 31 March 2021	As at 31 March 2020
<b>16 Current loans</b>		
Loans to employees	26.88	34.46
	<b>26.88</b>	<b>34.46</b>
<b>Break up of security details</b>		
(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	-	-
<b>Total current loans</b>	<b>26.88</b>	<b>22.11</b>
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 .		
<b>17 Other current financial assets</b>		
<b>Unsecured, Considered good</b>		
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
	<b>2,019.37</b>	<b>1,667.47</b>
<b>Unsecured, Considered doubtful</b>		
Retention money receivable	-	118.08
Other receivables	56.13	-
	<b>56.13</b>	<b>118.08</b>
Less: Allowance for credit loss		
Retention money receivable	-	(118.08)
Other receivables	(56.13)	-
	<b>(56.13)</b>	<b>(118.08)</b>
	<b>2,019.37</b>	<b>1,667.47</b>
<b>Movements in allowance for credit loss of other current financial assets are as follows:</b>		
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	<b>56.13</b>	<b>118.08</b>
The Company's exposure to credit risks are disclosed in Note 41.		
<b>18 Other current assets</b>		
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
	<b>872.17</b>	<b>785.75</b>

**KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)**

**Notes to standalone financial statements (continued)**

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

**19 Share capital**

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

**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
<b>As at 1 April 2019</b>	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
<b>As at 31 March 2020</b>	15,08,43,583	15,084.36
Shares issued during the year	-	-
<b>As at 31 March 2021</b>	<b>15,08,43,583</b>	<b>15,084.36</b>

\* 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
<b>Equity shares of INR 10 each fully paid up, held by:</b>				
General Atlantic Singapore Fund Pte Ltd	12,55,80,400	83.25%	12,55,80,400	83.25%
<b>Total</b>	<b>12,55,80,400</b>	<b>83.25%</b>	<b>12,55,80,400</b>	<b>83.25%</b>

**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
<b>Equity shares of INR 10 each fully paid up, held by:</b>				
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%
<b>Total</b>	<b>14,39,94,696</b>	<b>95.46%</b>	<b>14,39,94,696</b>	<b>95.46%</b>

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.

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

Particulars	Note	As at 31 March 2021	As at 31 March 2020
<b>20 Other equity</b>			
<b>Capital reserve</b>	<b>a</b>		
Balance at the beginning of the year		1.00	1.00
Addition during the year		-	-
Balance at the end of the year		<b>1.00</b>	<b>1.00</b>
<b>Securities premium</b>	<b>b</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		<b>22,824.33</b>	<b>22,824.33</b>
<b>Debenture redemption reserve (DRR)</b>	<b>c</b>		
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		<b>750.00</b>	<b>750.00</b>
<b>Retained earnings</b>	<b>d</b>		
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		<b>(6,052.75)</b>	<b>678.65</b>
<b>Remeasurement of defined benefit plans (Other comprehensive income)</b>	<b>e</b>		
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		<b>(38.98)</b>	<b>(74.58)</b>
<b>Share based payment reserve</b>	<b>f</b>		
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		<b>289.70</b>	<b>168.10</b>
<b>Capital redemption reserve</b>	<b>g</b>		
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		<b>1,498.78</b>	<b>1,498.78</b>
<b>Total other equity</b>	<b>(a+b+c+d+e+f+g)</b>	<b>19,272.08</b>	<b>25,846.28</b>

**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
<b>21 Non-current borrowings</b>		
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)
	<b>29,388.97</b>	<b>34,331.17</b>

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
<b>Net debt as at 01 April 2019</b>	<b>38,886.71</b>	-	<b>1,713.97</b>	<b>40,600.68</b>
Loan draws (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)	-
<b>Net debt as at 31 March 2020</b>	<b>37,531.17</b>	-	<b>12.60</b>	<b>37,543.77</b>
<b>Net debt as at 1 April 2020</b>	<b>37,531.17</b>	-	<b>12.60</b>	<b>37,543.77</b>
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)	-
<b>Net debt as at 31 March 2021</b>	<b>34,588.97</b>	-	<b>24.42</b>	<b>34,613.39</b>

**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
	<b>749.27</b>	<b>517.19</b>

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
	<b>2,449.59</b>	<b>2,032.77</b>

\* 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
	<b>7,186.87</b>	<b>3,746.58</b>

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
	<b>1,265.79</b>	<b>1,115.45</b>

**26 Current provisions***Provision for employee benefits:*

Gratuity	17.09	112.29
Compensated absences	272.45	219.63
	<b>289.54</b>	<b>331.92</b>

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

**27 Current tax liability (net)**

Provision for taxation (Net of advance tax INR 9,278.38; 31 March 2020: 5,937.32)	135.85	86.23
	<b>135.85</b>	<b>86.23</b>

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

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>28 Revenue from operations</b>		
Sale of services	45,416.53	41,171.89
<b>Total (A)</b>	<b>45,416.53</b>	<b>41,171.89</b>
<b>Other operating revenues</b>		
Recoverable expenses	1,762.43	2,885.71
<b>Total (B)</b>	<b>1,762.43</b>	<b>2,885.71</b>
<b>Total (A+B)*</b>	<b>47,178.96</b>	<b>44,057.60</b>
*Refer Note 50		
<b>29 Other income</b>		
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	-
	<b>469.12</b>	<b>764.13</b>
<b>30 Employee benefits expense</b>		
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
	<b>18,358.64</b>	<b>18,740.48</b>
<b>31 Finance cost</b>		
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
	<b>5,191.27</b>	<b>5,324.18</b>
<b>32 Depreciation and amortisation expense</b>		
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
	<b>9,791.28</b>	<b>9,215.86</b>

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

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>33 Other expenses</b>		
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
	<b>7,866.01</b>	<b>9,583.88</b>
<b>* Payment to auditors</b> (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
	<b>43.00</b>	<b>43.39</b>
<b>**Corporate social responsibility</b>		
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
<b>34 Earning per share (EPS)</b>		
(Loss)/ profit attributable to equity shareholders (A)	(6,731.40)	587.38
<i>Shares</i>		
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)
<b>Number of shares at the end of the year</b>	<b>15,08,43,583</b>	<b>15,08,43,583</b>
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

**KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)**
**Notes to standalone financial statements (continued)**
*(All amounts are in INR lakhs, unless otherwise stated)*
**35 Income tax**
**A. Amounts recognised in the Statement of Profit and Loss**

	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Current tax expense</b>		
Current year	207.00	-
	<b>207.00</b>	-
<b>Deferred tax charge/ (credit)</b>		
Change in recognised temporary differences	12,965.28	1,369.95
	<b>12,965.28</b>	<b>1,369.95</b>
<b>Total tax expense</b>	<b>13,172.28</b>	<b>1,369.95</b>

**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)
	<b>47.57</b>	<b>(11.97)</b>	<b>35.60</b>	<b>(169.05)</b>	<b>42.55</b>	<b>(126.50)</b>

**C. Reconciliation of effective tax rate**

	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Profit before tax</b>	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
<b>Tax effect of:</b>		
Impact of change in tax rate*	-	429.95
Impact of change in Finance Act, 2021 **	11,192.85	-
Impact of differential 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
	<b>13,172.28</b>	<b>1,369.95</b>

\* 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)
<b>Net deferred tax assets</b>	<b>481.44</b>	<b>(12,965.28)</b>	<b>(11.97)</b>	<b>-</b>	<b>(12,495.81)</b>
	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
<b>Net deferred tax assets</b>	<b>1,808.84</b>	<b>(1,369.95)</b>	<b>42.55</b>	<b>-</b>	<b>481.44</b>

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

	As at 31 March 2021	As at 31 March 2020
<b>A. Commitments</b>		
Capital commitments	306.19	-
<b>B. Contingent liabilities</b>		
	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 MSME 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 MSME 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 MSME 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 MSME 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.

**KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)**

**Notes to standalone financial statements (continued)**

(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 in line with the Payment of Gratuity Act 1972. The same is payable at the time of separation from the Company or retirement whichever is earlier.

A. Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

	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
<b>Included in Standalone statement of profit or loss</b>						
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
	<b>236.59</b>	<b>(61.88)</b>	<b>174.71</b>	<b>224.66</b>	<b>(66.87)</b>	<b>157.79</b>
<b>Included in Other comprehensive income</b>						
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)
	<b>(55.62)</b>	<b>8.05</b>	<b>(47.57)</b>	<b>176.26</b>	<b>(7.21)</b>	<b>169.05</b>
<b>Others</b>						
Amount transferred pursuant to business combination (Refer Note 44)	-	-	-	-	(94.98)	(94.98)
Benefits paid	(197.71)	197.71	-	(86.93)	86.93	-
	<b>(197.71)</b>	<b>197.71</b>	<b>-</b>	<b>(86.93)</b>	<b>(8.05)</b>	<b>(94.98)</b>
Balance as at end of the year	<b>1,389.03</b>	<b>(758.47)</b>	<b>630.56</b>	<b>1,405.76</b>	<b>(902.35)</b>	<b>503.41</b>

**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 where by the Company contributes the net increase in the actuarial liability to the plan manager (insurer) in order to manage the liability risk.

**KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)****Notes to standalone financial statements (continued)***(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	
	<b>Duration of defined benefit payments</b>			
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
<b>Total</b>			<b>1,389.01</b>	<b>1,405.75</b>

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.

**KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)**

**Notes to standalone financial statements (continued)**

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

**40 Related parties**

**A. Names of related party and nature of relationship**

**i. 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) Kaushtik Mazumdar, Independent Director
- d) Sonu Helen Bhasin, Independent Director
- e) Sandeep Achyut Naik, Director
- f) Vishwanathan Mavila Narai, 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)

**vi. 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
<b>i) Holding company</b>		
<b>General Atlantic Singapore Fund Pte Ltd</b>		
Buy back of equity shares (including taxes)	-	9,270.21
<b>ii) Enterprises controlled or jointly controlled by KMP</b>		
<b>Karvy Stock Broking Limited</b>		
Internet bandwidth	-	41.94
Shared service charges	-	163.79
Fee from investor services	-	(7.98)
Reimbursement of expenses	-	10.66
<b>Karvy Data Management Services Limited</b>		
Rent expenses	-	168.53
Professional charges	-	17.32
Fee from investor services	-	(5.87)
Reimbursement of expenses	-	(12.81)
<b>Compar Estates and Agencies Private Limited</b>		
Buy back of equity shares (including taxes)	-	1,674.99
<b>Parthasarathy Comandur HUF</b>		
Buy back of equity shares (including taxes)	-	180.74
<b>iii) Wholly owned subsidiaries</b>		
<b>KFin Technologies (Malaysia) SDN. BHD</b>		
Fee from investor services	(1,094.22)	(642.25)
<b>KFin Technologies (Bahrain) W.L.L.</b>		
Dividend income received	-	(254.84)
<b>KFin Services Private Limited</b>		
Investment in equity shares	-	1.00
Reimbursement of expenses	54.45	0.92
<b>iv) Key Management Personnel *</b>		
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
<b>v) Relatives of KMP</b>		
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.



**KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)****Notes to standalone financial statements (continued)***(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
<b>i) Enterprises controlled or jointly controlled by KMP</b>		
<b>Karvy Stock Broking Limited*</b>		
Trade payables	-	9.92
<b>Karvy Data Management Services Limited*</b>		
Trade payables	-	629.28
*These parties are considered as related parties upto 23 November 2019.		
<b>ii) Wholly owned subsidiaries</b>		
<b>KFin Technologies (Malaysia) SDN. BHD</b>		
Trade receivables	83.78	165.25
<b>KFin Services Private Limited</b>		
Other receivables	54.45	0.92
<b>iii) Key Management Personnel</b>		
Remuneration payable	-	100.00
Other liabilities	-	16.14

**Notes:**

- All related party transactions entered during the year were in ordinary course of business and are on arm's length basis.
- For investment in subsidiaries, Refer Note 6
- Also Refer note 36(B)(g) in respect of letter of support to its wholly-owned subsidiary company, Kfin Services Private Limited

41. Financial instruments – Fair value 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			Total
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised cost	Total	Level 1	Level 2	Level 3	
<b>Financial assets</b>								
<b>Non-current assets</b>								
Loans	-	-	457.15	457.15	-	-	-	-
Other non-current financial assets	-	-	63.04	63.04	-	-	-	-
<b>Current assets</b>								
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	-	-	-	-
	<b>9,490.92</b>	-	<b>14,085.85</b>	<b>23,576.77</b>	<b>2,908.07</b>	<b>6,582.85</b>	-	<b>9,490.92</b>
<b>Financial liabilities</b>								
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	-	-	-	-
	-	-	<b>42,610.64</b>	<b>42,610.64</b>	-	-	-	-
<b>As at 31 March 2020</b>								
As at 31 March 2020	Carrying amount				Fair value			Total
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Level 1	Level 2	Level 3	
<b>Financial assets</b>								
<b>Non-current assets</b>								
Loans	-	-	450.68	450.68	-	-	-	-
Other non-current financial assets	-	-	88.31	88.31	-	-	-	-
<b>Current assets</b>								
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	-	-	-	-
	<b>1,354.38</b>	-	<b>11,025.55</b>	<b>12,379.93</b>	-	<b>1,354.38</b>	-	<b>1,354.38</b>
<b>Financial liabilities</b>								
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	-	-	546.38	546.38	-	-	-	-
	-	-	<b>43,784.33</b>	<b>43,784.33</b>	-	-	-	-

B. Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are:

- recognised and measured at fair value and
- measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into three levels prescribed under the Indian Accounting Standard 113. An explanation of each level follows underneath the table.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There are no transfers between level 1 and level 2 during the year.

Valuation process

The finance department of the Company performs the valuation of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team reports directly to the Chief Financial Officer. Discussions of valuation processes and results are held between the finance controller and the finance team at least once every quarter.

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
<b>Financial assets</b>				
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
	<b>14,085.85</b>	<b>14,085.85</b>	<b>11,025.55</b>	<b>11,025.55</b>
<b>Financial liabilities</b>				
Borrowings	34,388.97	34,388.97	37,531.17	34,331.17
Trade payables	2,449.59	2,449.59	2,032.77	2,032.77
Lease liabilities	3,385.21	3,385.21	3,673.81	3,673.81
Other current financial liabilities	1,986.87	1,986.87	546.58	3,746.58
	<b>42,610.64</b>	<b>42,610.64</b>	<b>43,784.33</b>	<b>43,784.33</b>

The carrying amounts of trade receivables, trade payables, capital creditors, cash and cash equivalents and other payable for capital goods are considered to be the same as their fair values due to their short-term nature.

II. Financial risk management

Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has constituted an Audit Committee which is responsible for monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk

i. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations resulting in a financial loss to the Company. Credit risk encompasses both the direct risk of default and the risk of deterioration of credit worthiness as well as concentration risks. Credit risk arises principally from trade receivables, 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)

41 Financial instruments – Fair value 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	Up to 1 year	Contractual cash flows		
				Between 1 - 2 years	Between 2 - 5 years	More than 5 years
<b>Non-derivative financial liabilities</b>						
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	-	-	-
<b>Total</b>	<b>39,025.43</b>	<b>48,797.74</b>	<b>13,736.12</b>	<b>11,406.63</b>	<b>23,654.99</b>	<b>-</b>

\* The contractual Cash flows includes interest obligation on borrowings

Particulars	Carrying amount as at 31 March 2020	Total	Up to 1 year	Contractual cash flows		
				Between 1 - 2 years	Between 2 - 5 years	More than 5 years
<b>Non-derivative financial liabilities</b>						
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	-	-	-
<b>Total</b>	<b>40,110.52</b>	<b>49,979.69</b>	<b>10,340.74</b>	<b>10,406.95</b>	<b>29,232.00</b>	<b>-</b>

\* The contractual Cash flows includes interest obligation on borrowings

ii 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
<i>Fixed-rate instruments</i>		
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	23.38
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
<b>For the year ended 31 March 2021</b>				
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
<b>For the year ended 31 March 2020</b>				
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

**KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)**

**Notes to standalone financial statements (continued)**

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

**42 Capital management**

The Company's objectives when managing capital are to

- safeguard their ability to continue as a going concern so that it can continue to provide return for shareholders and benefits for other stakeholders,
- maintain an optimal capital structure to reduce the cost of capital, and
- ensure compliance with regulatory minimum networth required to be maintained in accordance with SEBI guidelines.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio 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
<b>Net debt to equity ratio</b>	<b>74.33%</b>	<b>91.80%</b>

**Debt covenants**

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

- DSCRA not less than 1.1 times during the tenure of the debentures.
- Maximum Net Debt / EBITDA not to exceed 3.75 times.

The 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.

**K Fin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)****Notes to standalone financial statements (continued)***(All amounts are in INR lakhs, unless otherwise stated)***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 EB ITDA 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 EB ITDA growth rate, consistent with the assumptions that a market participant would make.

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

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.

**KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)**

**Notes to standalone financial statements (continued)**

(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	
<b>Balance as at 1 April 2019</b>		2,742.70
Prepayments		60.89
Additions		1,538.35
Deletions		-
<b>Balance as at 31 March 2020</b>		<b>4,341.94</b>
<b>Balance as at 01 April 2020</b>		4,341.94
Prepayments		23.51
Additions		990.58
Deletions		(280.84)
<b>Balance as at 31 March 2021</b>		<b>5,075.19</b>
<b>Accumulated amortisation</b>		
Amortisation for the year		794.62
Deletions		-
<b>Balance as at 31 March 2020</b>		<b>794.62</b>
<b>Balance as at 01 April 2020</b>		794.62
Amortisation for the year		1,057.07
Deletions		(93.77)
<b>Balance as at 31 March 2021</b>		<b>1,757.92</b>
<b>Carrying amounts</b>		
<b>Balance as at 31 March 2021</b>		<b>3,317.27</b>
<b>Balance as at 31 March 2020</b>		<b>3,547.32</b>

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	-	-
<b>Total</b>	<b>598.68</b>	<b>499.24</b>

**D Following are the changes in the lease liabilities:**

Particulars	31 March 2021	31 March 2020
<b>Opening Balance</b>	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)	-
<b>Closing balance</b>	<b>3,585.21</b>	<b>3,673.81</b>
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
	<b>1,416.55</b>	<b>1,045.15</b>

**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
<b>Total cash outflow on leases</b>	<b>1,124.71</b>	<b>857.77</b>

**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.



**KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)**  
**Notes to standalone financial statements (continued)**  
*(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 KPFL 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%	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).

**KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)**  
**Notes to standalone financial statements (continued)**  
*(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
<b>Total</b>		<b>47,178.96</b>	<b>44,057.60</b>

**(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	836.79
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	836.79
<b>Revenue from operations</b>	<b>47,178.96</b>	<b>44,057.60</b>

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

ARPAN SHANTILAL JAIN  
 Digitally signed by ARPAN SHANTILAL JAIN  
 Date: 2021.06.24 18:43:32 +05'30'

**Arpan Jain**  
 Partner

Membership No.: 125710

Place: Hyderabad  
 Date: 24 June 2021

for and on behalf of Board of Directors of

**KFin Technologies Private Limited**

CIN: U72400TG2017PTC117649

VISHWANATH AN MAVILA NAIR  
 Digitally signed by VISHWANATH AN MAVILA NAIR  
 Date: 2021.06.24 15:53:26 +05'30'

**Vishwanathan M Nair**  
 Chairman

DIN: 02284165

Place: Mumbai  
 Date: 24 June 2021

VENKATA SATYA NAGA SREKANTH NADELLA  
 Digitally signed by VENKATA SATYA NAGA SREKANTH NADELLA  
 Date: 2021.06.24 15:53:26 +05'30'

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

Place: Hyderabad  
 Date: 24 June 2021

VIVEK NARAYAN MATHUR  
 Digitally signed by VIVEK NARAYAN MATHUR  
 Date: 2021.06.24 14:56:23 +05'30'

**Vivek Narayan Mathur**  
 Chief Financial Officer

Membership No.: A089454

Place: Mumbai  
 Date: 24 June 2021

ALPANA UTTAM KUNDU  
 Digitally signed by ALPANA UTTAM KUNDU  
 Date: 2021.06.24 14:56:23 +05'30'

**Alpana Uttam Kundu**  
 Company Secretary

Membership No.: F10191

Place: Thane  
 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 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 include the determination of the discount rate, future salary increases and mortality rates. However, any changes in these assumptions may have impact on the reported amount of obligation and expenses. (Refer note L)
- *Taxes*  
Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. The 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 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.

<b>Asset category</b>	<b>Estimated useful life (Years)</b>
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:

<b>Asset category</b>	<b>Estimated useful life (Years)</b>
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. Remeasurements 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 through profit and loss (FVTPL):

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

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate ('EIR') method. Amortised cost is calculated by 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.

# B S R & Associates LLP

Chartered Accountants

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  
Fax +91 40 7182 2399

## INDEPENDENT AUDITOR'S REPORT

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

**Report on the Audit of Consolidated Financial Statements**

### Opinion

We have audited the consolidated financial statements of Kfin Technologies Private Limited (formerly known as Karvy Fintech Private Limited) (hereinafter referred to as the 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2021, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and in the context of the overriding effect of the provision in the scheme of arrangement as approved by the National Company Law Tribunal ('NCLT'), regarding accounting of the amalgamation of Karvy Computershare Private Limited (KCPL) and the 'RTA Undertaking' of Karvy Consultants Limited (KCL) into the Company, give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at 31 March 2021, of its consolidated loss and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then 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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub paragraph (a) of the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

**B S R & Associates LLP****KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)  
Independent Auditor's Report of the consolidated financial statements (continued)****Emphasis of matter**

We draw attention to Note 45 of the consolidated financial statements regarding the amalgamation of Karvy Computershare Private Limited (KCPL) and the 'RTA Undertaking' of Karvy Consultants Limited (KCL) into the Holding Company accounted for in financial year 2018-2019 with effect from 17 November 2018. In accordance with the scheme approved by NCLT, the amalgamation had been accounted for as per Accounting Standard 14 – "Accounting for Amalgamations". Accordingly, all assets and liabilities of KCPL and of the RTA Undertaking of KCL had been recorded at their respective existing book values. The difference between the book values of the net assets so recorded and the consideration (being the face value of equity shares issued by the Holding Company to the shareholders of KCL and cost of investment in equity shares of KCPL) amounting to INR 66,940.98 lakhs had been debited to Goodwill. This Goodwill is being amortised over a period of 10 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 Holding Company from the year ended 31 March 2019 and which requires assets, liabilities and consideration to be measured at fair value and goodwill to be tested only for impairment. 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 consolidated financial statements of the current year.

Our opinion is not modified 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)  
Independent Auditor's Report of the consolidated financial statements (continued)****Key Audit Matter (continued)**

<b>Key Audit Matter</b>	<b>How the matter was addressed in our audit</b>
<p><b>(I) Revenue recognition</b></p> <p>Refer Note 2(N) and 28 to the consolidated financial statements.</p> <p>Revenue is a key performance measure for the Group. 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'.</p> <p>There exists a risk of revenue not being recognised in proportion to the service performed by the Group. 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.</p>	<p>In view of the significance of the matter we applied the following key audit procedures in this area:</p> <ul style="list-style-type: none"><li>➤ Performing the comparison of revenue recognition accounting policies with applicable accounting standards;</li><li>➤ Evaluating the design of controls and operating effectiveness of the relevant key controls with respect to revenue recognition;</li><li>➤ Performing substantive testing on samples selected using statistical sampling method for revenue transactions recorded during the year by testing the underlying documentation/ records;</li><li>➤ Involving our information technology specialists to test the general information technology controls and key application controls surrounding revenue recognition;</li><li>➤ 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</li><li>➤ Carrying out year on year variance analysis on revenue recognized during the year to identify unusual variances</li></ul>

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

**Key Audit Matter (continued)**

<b>Key Audit Matter</b>	<b>How the matter was addressed in our audit</b>
<p><b>(II) Valuation of Trade receivable</b></p> <p>Refer Note 2 (O &amp; Q) and Note 13 and 17 to the Consolidated financial statements.</p> <p>As at 31 March 2021, gross trade receivables of the Group amounted to INR. 11,703.40 lakhs (31 March 2020: INR 10,017.41 lakhs) (including retention receivable). The details of trade receivables and their credit risk have been disclosed in Note 41 to the Consolidated financial statements.</p> <p>The Group has created a provision on the basis of Expected Credit Loss model (ECL). The Group 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.</p> <p>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).</p> <p>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.</p>	<p>In view of the significance of the matter we applied the following key audit procedures in this area:</p> <ul style="list-style-type: none"> <li>➤ Evaluating the design of controls and operating effectiveness of the relevant key controls with respect to Trade receivables;</li> <li>➤ 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;</li> <li>➤ Circulating trade receivable balance confirmations request on a sample basis using statistical sampling method and also testing underlying invoices where response to balance confirmations request were not received;</li> <li>➤ Assessing collections subsequent to the balance sheet date; and</li> <li>➤ We challenged 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.</li> </ul>



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

**Key Audit Matter (continued)**

<b>Key Audit Matter</b>	<b>How the matter was addressed in our audit</b>
<p><b>(III) Impairment test of goodwill</b></p> <p>Refer Notes 2(J) and Note 4 and 43 to the Consolidated financial statements</p> <p>As at March 31, 2021, the carrying value of Goodwill in the books of the Group is INR 52,455.44 lakhs (31 March 2020: INR 59,147.59 lakhs)</p> <p>The Group 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.</p> <p>In performing the impairment test of goodwill, the Group has made several key assumptions, such as growth rates, discount rates and forecasted cash flows.</p> <p>There is a risk of use of inappropriate judgment in making these assumptions.</p>	<p>In view of the significance of the matter we applied the following key audit procedures in this area:</p> <ul style="list-style-type: none"> <li>➤ 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 Group operates;</li> <li>➤ Evaluating the assumptions applied to key inputs such as sales, operating costs and long-term growth rates;</li> <li>➤ Performing sensitivity analysis including assessing the effect of possible reductions in growth rates and forecast cash flows to assess the impact on the currently estimated headroom; and</li> <li>➤ Evaluating the adequacy of the consolidated financial statement disclosures, including disclosures of key assumptions, judgments and sensitivities.</li> </ul>
<p><b>(IV) Unauthorised transfer by a Third Party of shares issued by Client lying in an Escrow account</b></p> <p>Refer Note 36(B)(e) to the Consolidated financial statements</p> <p>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.</p> <p>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.</p>	<p>In view of the significance of the matter we applied the following key audit procedures in this area:</p> <ul style="list-style-type: none"> <li>➤ Understood the matter from the Chief Financial Officer, Audit Committee Chairman and made necessary enquiries</li> <li>➤ 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.</li> <li>➤ 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</li> <li>➤ Read the external legal opinion sought by the Company on the matter</li> <li>➤ Communicated the matter to those charged with governance</li> <li>➤ Evaluated the adequacy of the disclosures made in the consolidated financial statements</li> </ul>

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

**Key Audit Matter (continued)**

<p>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.</p> <p>Considering significant time spent during audit, we have considered aforesaid matter as a key audit matter.</p>	
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**Other Information**

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the holding Company's Directors report, but does not include the financial statements and our auditors' report thereon.

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

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

**Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements**

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company. and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Directors of the Holding Company, as aforesaid.

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

**Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements (continued)**

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

The respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each company.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated 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.

**Other Matters**

- (a) We did not audit the financial statements of two subsidiaries whose financial statements reflect total assets of INR 1,264.36 lakhs as at 31 March 2021, total revenues of INR 2,028.73 lakhs and net cash inflows amounting to INR 50.13 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the audit reports of the other auditors.

These subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

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

**Other Matters (continued)**

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

**Report on Other Legal and Regulatory Requirements**

- A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d) In our opinion, the aforesaid consolidated financial statements read with the matter referred to in 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 of the Holding Company and a subsidiary company, incorporated in India as on 01 April 2021 taken on record by the Board of Directors of the Holding Company and its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India 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 Holding Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, as noted in the 'Other Matters' paragraph:
- i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2021 on the consolidated financial position of the Group. Refer Note 36(B) to the consolidated financial statements.
  - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2021.
  - iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary company incorporated in India during the year ended 31 March 2021.
  - iv. The disclosures in the consolidated 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 the financial statements since they do not pertain to the financial year ended 31 March 2021.

**B S R & Associates LLP**

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

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

In our opinion and according to the information and explanations given to us the provision of Section 197 is not applicable to the Group.

*for B S R & Associates LLP*

*Chartered Accountants*

ICAI Firm Registration Number: 116231W/W- 100024

ARPAN

SHANTILAL JAIN

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ARPAN SHANTILAL JAIN  
Date: 2021.06.24  
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**Arpan Jain**

*Partner*

Membership number: 125710

UDIN: 21125710AAAABG3403

Place: Hyderabad

Date: 24 June 2021

**Annexure A to the Independent Auditor's report on the consolidated 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 consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

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

**Opinion**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2021, we have audited the internal financial controls with reference to consolidated financial statements of KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited) (hereinafter referred to as "the Holding Company") as of that date.

In our opinion, the Holding Company has, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

**Management's Responsibility for Internal Financial Controls**

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

**Auditor's Responsibility**

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

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

## **B S R & Associates LLP**

**Annexure A to the Independent Auditor's report on the consolidated 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 internal financial controls with reference to consolidated financial statements.

### **Meaning of Internal Financial controls with Reference to Consolidated Financial Statements**

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

### **Inherent Limitations of Internal Financial controls with Reference to consolidated Financial Statements**

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

*for B S R & Associates LLP*

*Chartered Accountants*

ICAI Firm Registration Number: 116231W/W- 100024

ARPAN

SHANTILAL JAIN

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ARPAN SHANTILAL JAIN  
Date: 2021.06.24  
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**Arpan Jain**

Partner

Membership number: 125710

UDIN: 21125710AAAABG3403

Place: Hyderabad

Date: 24 June 2021



**KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)**

**Consolidated Balance Sheet**

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

Particulars	Note	As at 31 March 2021	As at 31 March 2020
<b>I. ASSETS</b>			
<b>(1) Non-current assets</b>			
Property, plant and equipment	3	2,852.51	3,447.45
Right-of-use assets	6	3,368.79	3,653.06
Goodwill	4	52,455.44	59,147.59
Other intangible assets	5	4,280.62	2,893.46
Intangible assets under development	5	251.15	8.30
Financial assets			
(i) Loans	7	457.15	450.68
(ii) Other non-current financial assets	8	63.23	88.51
Deferred tax assets (net)	9	-	480.50
Non-current tax assets	10	3,395.66	3,309.67
Other non-current assets	11	218.47	36.43
<b>Total non-current assets</b>		<b>67,343.02</b>	<b>73,515.65</b>
<b>(2) Current assets</b>			
Financial assets			
(i) Investments	12	9,490.92	1,354.38
(ii) Trade receivables	13	10,260.21	7,883.92
(iii) Cash and cash equivalents	14	2,292.60	1,166.16
(iv) Bank balances other than cash and cash equivalents	15	54.34	615.63
(v) Loans	16	36.20	43.68
(vi) Other current financial assets	17	1,971.01	1,729.28
Other current assets	18	940.52	798.39
<b>Total current assets</b>		<b>25,045.80</b>	<b>13,591.44</b>
<b>TOTAL ASSETS</b>		<b>92,388.82</b>	<b>87,107.09</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>(1) Equity</b>			
Equity share capital	19	15,084.36	15,084.36
Other equity	20	19,556.04	25,873.37
<b>Total equity</b>		<b>34,640.40</b>	<b>40,957.73</b>
<b>(2) Non-current liabilities</b>			
Financial liabilities			
(i) Borrowings	21	29,388.97	34,331.17
(ii) Lease liabilities	6	2,626.44	2,816.00
Provisions	22	749.27	517.19
Deferred tax liabilities	9	12,495.81	-
<b>Total non-current liabilities</b>		<b>45,260.49</b>	<b>37,664.36</b>
<b>(3) Current liabilities</b>			
Financial liabilities			
(i) Trade payables			
- Total dues of micro enterprises and small enterprises	23	30.50	1.99
- Total dues of creditors other than micro enterprises and small enterprises	23	2,440.49	2,047.68
(ii) Lease liabilities	6	1,012.37	964.32
(iii) Other current financial liabilities	24	7,255.62	3,856.96
Other current liabilities	25	1,313.34	1,160.78
Provisions	26	305.80	359.82
Current tax liabilities	27	129.81	93.45
<b>Total current liabilities</b>		<b>12,487.93</b>	<b>8,485.00</b>
<b>Total equity</b>		<b>57,748.42</b>	<b>46,149.36</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>92,388.82</b>	<b>87,107.09</b>

Significant accounting policies

1 & 2

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

As per our Report of even date attached

for **B S R & Associates LLP**

Chartered Accountants

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

ARPAN  
SHANTILAL  
JAIN

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ARPAN SHANTILAL JAIN  
Date: 2021.06.24 18:22:43  
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Arpan Jain  
Partner

Membership No.: 125710

Place: Hyderabad  
Date: 24 June 2021

for and on behalf of Board of Directors of

**KFin Technologies Private Limited**

CIN: U72400TG2017PTC117649

VISHWANATH  
HAN MAVILA  
NAIR

Digitally signed by  
VISHWANATHAN  
MAVILANAIK  
Date: 2021.06.24  
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Vishwanathan M Nair  
Chairman

DIN: 02284165

Place: Mumbai  
Date: 24 June 2021

VENKATA  
SATYA NAGA  
SREEKANTH  
NADELLA

Sreekanth Nadella  
Whole time Director &  
Chief Executive Officer

DIN: 08659728

Place: Hyderabad  
Date: 24 June 2021

VIVEK  
NARAYAN  
MATHUR

Vivek Narayan Mathur  
Chief Financial Officer

Membership No.: A089454

Place: Mumbai  
Date: 24 June 2021

ALPANA  
UTTAM  
KUNDU

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ALPANA  
UTTAM KUNDU  
Date: 2021.06.24  
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Alpana Uttam Kundu  
Company Secretary

Place: Thane  
Date: 24 June 2021

**KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)**

**Consolidated Statement of Profit and Loss**

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

Particulars	Note	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Income</b>			
I. Revenue from operations	28	48,114.42	44,987.09
II. Other income	29	505.34	539.75
<b>III. Total Income (I+II)</b>		<b>48,619.76</b>	<b>45,526.84</b>
<b>IV. Expenses</b>			
Employee benefits expense	30	18,860.56	19,398.31
Finance cost	31	5,195.41	5,330.26
Depreciation and amortisation expense	32	9,798.91	9,221.13
Other expenses	33	8,014.30	9,726.33
<b>Total expenses (IV)</b>		<b>41,869.18</b>	<b>43,676.03</b>
<b>V. Profit before tax (III - IV)</b>		<b>6,750.58</b>	<b>1,850.81</b>
<b>VI. Tax expense</b>			
Current tax	35	237.09	27.49
Deferred tax expenses		12,964.35	1,370.89
		<b>13,201.44</b>	<b>1,398.38</b>
<b>VII. (Loss)/ profit for the year (V-VI)</b>		<b>(6,450.86)</b>	<b>452.43</b>
<b>VIII. Other comprehensive income</b>			
<b>A. Items that will not be reclassified to profit or loss</b>			
Remeasurement of defined benefit plans		47.57	(169.05)
Income tax relating to remeasurement of defined benefit plans	35	(11.97)	42.55
<b>B. Items that will be subsequently reclassified to profit or loss</b>			
Exchange differences on translation of foreign operations		(23.67)	57.59
<b>Total other comprehensive income for the year, net of tax (VIII)</b>		<b>11.93</b>	<b>(68.91)</b>
<b>IX. Total Comprehensive Income for the year (VII+VIII)</b>		<b>(6,438.93)</b>	<b>383.52</b>
<b>X. Earnings per equity share (face value of INR 10 each, fully paid-up)</b>			
Basic	34	(4.28)	0.28
Diluted		(4.28)	0.28

Significant accounting policies

1 & 2

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

As per our Report of even date attached

for **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 SHANTILAL JAIN**  
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ARPAN SHANTILAL JAIN  
Date: 2021.06.24  
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**Arpan Jain**  
Partner

Membership No.: 125710

Place: Hyderabad  
Date: 24 June 2021

**VISHWANATHAN MAVILA NAIR**  
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VISHWANATHAN  
MAVILA NAIR  
Date: 2021.06.24  
15:57:51 +05'30'

**Vishwanathan M Nair**  
Chairman

DIN: 02284165

Place: Mumbai  
Date: 24 June 2021

**VENKATA SREERESH NAGARAJA**  
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VENKATA SREERESH  
NAGARAJA  
Date: 2021.06.24  
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**Sreekanth Nadella**  
Whole time Director &  
Chief Executive Officer

DIN: 08659728

Place: Hyderabad  
Date: 24 June 2021

**VIVEK NARAYAN MATHUR**  
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VIVEK NARAYAN  
MATHUR  
Date: 2021.06.24  
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**Vivek Narayan Mathur**  
Chief Financial Officer

Membership No.: A089454

Place: Mumbai  
Date: 24 June 2021

**ALPANA UTTAM KUNDU**  
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KUNDU  
Date: 2021.06.24  
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**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)**

**Consolidated statement of changes in equity**

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

**Equity share capital and other equity**

Particulars	Equity share capital	Other equity							Other comprehensive income		Total other equity
		Securities premium	Statutory Reserve	Capital reserve	Capital redemption reserve	Debtenture redemption reserve	Retained earnings	Share based payment reserve	Foreign currency translation reserve	Remeasurement of defined benefit obligation	
<b>Opening Balance as at 1 April 2019</b>	<b>16,583.14</b>	<b>34,392.52</b>	<b>36.80</b>	<b>1.00</b>	-	<b>750.00</b>	<b>185.64</b>	-	(26.72)	<b>51.92</b>	<b>35,391.16</b>
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)
Share based payments (Refer Note 48)	-	-	-	-	-	-	-	168.10	-	-	168.10
Profit for the year	-	-	-	-	-	-	452.43	-	-	-	452.43
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)
Foreign currency translation reserve	-	-	-	-	-	-	-	-	57.59	-	57.59
<b>Balance as at 31 March 2020</b>	<b>15,084.36</b>	<b>22,824.33</b>	<b>36.80</b>	<b>1.00</b>	<b>1,498.78</b>	<b>750.00</b>	<b>638.07</b>	<b>168.10</b>	<b>30.87</b>	<b>(74.58)</b>	<b>25,873.37</b>
<b>Opening Balance as at 1 April 2020</b>	<b>15,084.36</b>	<b>22,824.33</b>	<b>36.80</b>	<b>1.00</b>	<b>1,498.78</b>	<b>750.00</b>	<b>638.07</b>	<b>168.10</b>	<b>30.87</b>	<b>(74.58)</b>	<b>25,873.37</b>
Loss for the year	-	-	-	-	-	-	(6,450.86)	-	-	-	(6,450.86)
Share based payments (Refer Note 48)	-	-	-	-	-	-	-	121.60	-	-	121.60
Remeasurement of defined benefit obligation (net of tax)	-	-	-	-	-	-	-	-	-	35.60	35.60
Foreign currency translation reserve	-	-	-	-	-	-	-	-	(23.67)	-	(23.67)
<b>Balance as at 31 March 2021</b>	<b>15,084.36</b>	<b>22,824.33</b>	<b>36.80</b>	<b>1.00</b>	<b>1,498.78</b>	<b>750.00</b>	<b>(5,812.79)</b>	<b>289.70</b>	<b>7.20</b>	<b>(38.98)</b>	<b>19,556.04</b>

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

As per our Report of even date attached

for **B S R & Associates LLP**

Chartered Accountants

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

for and on behalf of Board of Directors of

**KFin Technologies Private Limited**

CIN: U72400TG2017PTC117649

**ARPAN SHANTILAL JAIN**  
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Date: 2021.06.24  
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**Arpan Jain**  
Partner  
Membership No.: 125710

Place: Hyderabad  
Date: 24 June 2021

**VISHWANATHAN MAVILA NAIR**  
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Date: 2021.06.24  
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**Vishwanathan M Nair**  
Chairman  
DIN: 02284165

Place: Mumbai  
Date: 24 June 2021

**VENKATA SATYA NAGA SREEKANTH NADELLA**  
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Date: 2021.06.24  
15:59:57 +05'30'

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

Place: Hyderabad  
Date: 24 June 2021

**VIVEK NARAYAN MATHUR**  
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Date: 2021.06.24  
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**Vivek Narayan Mathur**  
Chief Financial Officer  
Membership No.: A089454

Place: Mumbai  
Date: 24 June 2021

**ALPANA UTTAM KUNDU**  
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Date: 2021.06.24  
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**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)**  
**Consolidated 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
<b>A. Cash flows from operating activities</b>		
Net profit before tax	<b>6,750.58</b>	<b>1,850.81</b>
Adjustment for:		
Depreciation and amortisation expense	8,691.77	8,378.56
Amortisation expense on right of use asset	1,107.14	842.57
(Profit)/ loss on sale of property, plant and equipment	(9.86)	(13.01)
Interest income on deposits	(19.95)	(110.66)
Dividend income from current investments	(199.03)	(322.19)
Unwinding of discount on deposits	(24.57)	(15.85)
Liabilities no longer required written back	-	(36.53)
Income on derecognition of ROU and lease liability	(8.84)	-
Rent concession income	(118.03)	-
Foreign exchange (gain)/ loss (net)	47.09	(35.44)
Interest expense	5,195.41	5,324.74
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
<b>Operating profit before working capital changes</b>	<b>21,661.67</b>	<b>16,517.70</b>
<b>Working capital adjustments:</b>		
Increase in trade receivables	(2,613.69)	(373.06)
Increase in other current financial assets	(179.78)	(104.22)
Decrease/ (Increase) in loans	2.07	(133.97)
Increase in other non-current financial assets	(0.04)	(0.29)
Increase decrease in other assets	(324.17)	(364.86)
Increase/ (Decrease) in trade payables	421.32	(119.61)
Increase/ (Decrease) in other current financial liabilities	1,332.38	(2,178.79)
Increase/ (Decrease) in other current liabilities	152.56	(119.28)
Increase in current provisions	225.63	24.95
<b>Cash generated from operations</b>	<b>20,677.95</b>	<b>13,148.57</b>
Income taxes paid (including tax deducted at source)	(286.72)	(3,004.93)
<b>Net cash generated from operating activities (A)</b>	<b>20,391.23</b>	<b>10,143.64</b>
<b>B. Cash flow from investing activities</b>		
Purchase of property, plant and equipment, goodwill and intangible assets (including capital and intangible work-in-progress, capital advances and creditors)	(2,970.22)	(748.84)
Acquisition of business (Refer Note 45)	-	(2,653.35)
Fixed deposits redeemed/ (placed) with banks	586.61	2,471.00
(Investments in)/ proceeds from redemption of mutual funds	(8,136.54)	9,799.75
Interest income	19.95	110.66
Dividend income from mutual funds	199.03	322.19
<b>Net cash (used in)/ generated from investing activities (B)</b>	<b>(10,301.17)</b>	<b>9,301.41</b>
<b>C. Cash flows from financing activities</b>		
Lease liabilities	(1,177.77)	(911.03)
Buy-back (cancellation) of equity shares, includes taxes paid	-	(11,568.19)
Repayment of instalments of debentures	(3,200.00)	(1,600.00)
Interest paid on debentures	(4,562.18)	(6,525.04)
<b>Net cash used in financing activities (C)</b>	<b>(8,939.95)</b>	<b>(20,604.26)</b>
<b>D. Net increase/ (decrease) in cash and cash equivalents (A+B+C)</b>	<b>1,150.11</b>	<b>(1,159.21)</b>
Cash and cash equivalents at the beginning of the year	1,166.16	2,267.78
Foreign exchange effect on cash and cash equivalents	(23.67)	57.59
<b>Cash and cash equivalents at the end of the year</b>	<b>2,292.60</b>	<b>1,166.16</b>
<b>E. Reconciliation of Cash and Cash equivalents with the consolidated balance sheet (Refer Note 14)</b>		
Cash on hand	2.06	3.90
Balance with banks:		
(i) in current accounts	2,290.54	1,162.26
	<b>2,292.60</b>	<b>1,166.16</b>

**KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)**

**Consolidated Statement of Cash Flows (continued)**

(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 of even date attached

for **BSR & Associates LLP**

Chartered Accountants

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

**ARPAN SHANTILAL JAIN**  
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Date: 2021.06.24 19:03:35  
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**Arpan Jain**  
Partner

Membership No.: 125710

Place: Hyderabad  
Date: 24 June 2021

for and on behalf of Board of Directors of

**KFin Technologies Private Limited**

CIN: U72400TG2017PTC117649

**VISHWANATHAN MAVILA NAIR**  
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MAVILA NAIR  
Date: 2021.06.24  
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**Vislwanathan M Nair**  
Chairman

DIN: 02284165

Place: Mumbai  
Date: 24 June 2021

**VENKATA SATYA NAGA SREEKANTH NADELLA**  
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NADELLA  
Date: 2021.06.24  
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**Sreelanth Nadella**  
Whole time Director &  
Chief Executive Officer

DIN: 08659728

Place: Hyderabad  
Date: 24 June 2021

**VIVEK NARAYAN MATHUR**  
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Date: 2021.06.24 15:55:58  
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**Vivek Narayan Mathur**  
Chief Financial Officer

Membership No.: A089454

Place: Mumbai  
Date: 24 June 2021

**ALPANA UTTAM KUNDU**  
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**Alpana Uttam Kundu**  
Company Secretary

Membership No.: F1019

Place: Thane  
Date: 24 June 2021

KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)

Notes to consolidated financial statements (continued)

Consolidated Statement of Cash Flow

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
<b>Gross carrying amount</b>								
Balance as at 1 April 2019	1,599.34	1,955.31	196.76	376.40	70.82	118.90	4,317.53	35.61
Acquisition through business combinations (Refer Note 44)	-	298.38	3.24	9.17	0.26	-	311.05	-
Additions	23.31	545.07	1.50	34.80	1.61	15.00	621.29	-
Reclassifications*	(0.31)	(82.33)	13.69	(31.16)	0.34	-	(99.77)	-
Disposals	-	(1.54)	-	(0.96)	-	(20.19)	(22.69)	-
Transfers to property, plant and equipment	-	-	-	-	-	-	-	(35.61)
Exchange differences on translation of foreign operations	0.27	0.33	0.02	0.54	-	-	1.16	-
<b>Balance as at 31 March 2020</b>	<b>1,622.61</b>	<b>2,715.22</b>	<b>215.21</b>	<b>388.79</b>	<b>73.03</b>	<b>113.71</b>	<b>5,128.57</b>	-
Balance as at 1 April 2020	1,622.61	2,715.22	215.21	388.79	73.03	113.71	5,128.57	-
Additions	156.94	432.10	-	40.16	-	54.89	684.09	-
Disposals	-	-	(1.23)	(3.66)	(1.61)	(90.47)	(96.97)	-
Exchange differences on translation of foreign operations	0.03	0.12	-	(0.26)	-	-	(0.11)	-
<b>Balance as at 31 March 2021</b>	<b>1,779.58</b>	<b>3,147.44</b>	<b>213.98</b>	<b>425.03</b>	<b>71.42</b>	<b>78.13</b>	<b>5,715.58</b>	-
<b>Accumulated depreciation</b>								
Balance as at 1 April 2019	135.36	262.58	12.26	69.12	2.38	10.20	491.90	-
Depreciation for the year	352.30	682.55	36.32	131.59	7.64	31.59	1,241.99	-
Reclassification*	-	(21.60)	0.10	(26.47)	0.33	-	(47.64)	-
Disposals	-	(0.29)	-	(0.32)	-	(4.83)	(5.44)	-
Exchange differences on translation of foreign operations	0.17	0.12	0.01	0.01	-	-	0.31	-
<b>Balance as at 31 March 2020</b>	<b>487.83</b>	<b>923.36</b>	<b>48.69</b>	<b>173.93</b>	<b>10.35</b>	<b>36.96</b>	<b>1,681.12</b>	-
Balance as at 1 April 2020	487.83	923.36	48.69	173.93	10.35	36.96	1,681.12	-
Depreciation for the year	370.35	716.56	34.17	82.72	7.54	12.69	1,224.03	-
Disposals	-	-	(0.53)	(3.00)	(1.29)	(37.21)	(42.03)	-
Exchange differences on translation of foreign operations	0.05	0.02	-	(0.12)	-	-	(0.05)	-
<b>Balance as at 31 March 2021</b>	<b>858.23</b>	<b>1,639.94</b>	<b>82.33</b>	<b>253.53</b>	<b>16.60</b>	<b>12.44</b>	<b>2,863.07</b>	-
<b>As at 31 March 2021</b>	<b>921.35</b>	<b>1,507.50</b>	<b>131.65</b>	<b>171.50</b>	<b>54.82</b>	<b>65.69</b>	<b>2,852.51</b>	-
As at 31 March 2020	1,134.78	1,791.86	166.52	214.86	62.68	76.75	3,447.45	-

\*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

**KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)**

**Notes to consolidated financial statements (continued)**

Consolidated Statement of Cash Flows

**4 Goodwill**

	On Business Combination	On consolidation	Total
<b>Gross carrying amount</b>			
Balance as at 1 April 2019	66,940.98	1,258.47	68,199.45
Acquisitions through business combinations (Refer Note 44)	136.01	-	136.01
<b>Balance as at 31 March 2020</b>	<b>67,076.99</b>	<b>1,258.47</b>	<b>68,335.46</b>
Balance as at 1 April 2020	67,076.99	1,258.47	68,335.46
Additions	-	-	-
<b>Balance as at 31 March 2021</b>	<b>67,076.99</b>	<b>1,258.47</b>	<b>68,335.46</b>
<b>Accumulated amortisation</b>			
Balance as at 1 April 2019	2,477.26	-	2,477.26
Amortisation for the year	6,710.61	-	6,710.61
<b>Balance as at 31 March 2020</b>	<b>9,187.87</b>	<b>-</b>	<b>9,187.87</b>
Balance as at 1 April 2020	9,187.87	-	9,187.87
Amortisation for the year	6,692.15	-	6,692.15
<b>Balance as at 31 March 2021</b>	<b>15,880.02</b>	<b>-</b>	<b>15,880.02</b>
<b>Carrying amounts (net)</b>			
<b>At 31 March 2021</b>	<b>51,196.97</b>	<b>1,258.47</b>	<b>52,455.44</b>
At 31 March 2020	57,889.12	1,258.47	59,147.59

**5 Other intangible assets**

	Computer Software	Customer relationships	Total	Intangible assets under development
<b>Gross carrying amount</b>				
Balance as at 1 April 2019	863.45	-	863.45	0.95
Acquisitions through business combinations (Refer Note 44)	16.51	2,189.78	2,206.29	-
Reclassifications*	99.77	-	99.77	-
Additions	258.29	-	258.29	110.45
Transfer to intangible assets	-	-	-	(103.10)
Exchange differences on translation of foreign operations	0.05	-	0.05	-
<b>Balance as at 31 March 2020</b>	<b>1,238.07</b>	<b>2,189.78</b>	<b>3,427.85</b>	<b>8.30</b>
Balance as at 1 April 2020	1,238.07	2,189.78	3,427.85	8.30
Additions	2,162.74	-	2,162.74	479.93
Transfer to intangible assets	-	-	-	(237.08)
Exchange differences on translation of foreign operations	0.02	-	0.02	-
<b>Balance as at 31 March 2021</b>	<b>3,400.83</b>	<b>2,189.78</b>	<b>5,590.61</b>	<b>251.15</b>
<b>Accumulated amortisation</b>				
Balance as at 1 April 2019	60.77	-	60.77	-
Amortisation for the year	255.76	170.20	425.96	-
Reclassifications*	47.64	-	47.64	-
Exchange differences on translation of foreign operations	0.02	-	0.02	-
<b>Balance as at 31 March 2020</b>	<b>364.19</b>	<b>170.20</b>	<b>534.39</b>	<b>-</b>
Balance as at 1 April 2020	364.19	170.20	534.39	-
Amortisation for the year	338.11	437.48	775.59	-
Exchange differences on translation of foreign operations	0.01	-	0.01	-
<b>Balance as at 31 March 2021</b>	<b>702.31</b>	<b>607.68</b>	<b>1,309.99</b>	<b>-</b>
<b>Carrying amounts (net)</b>				
<b>At 31 March 2021</b>	<b>2,698.52</b>	<b>1,582.10</b>	<b>4,280.62</b>	<b>251.15</b>
At 31 March 2020	873.88	2,019.58	2,893.46	8.30

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

**KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)**

**Notes to consolidated financial statements (continued)**

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

**6 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).

The Group has taken various premises on lease for undertaking its business of financial services

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

Particulars	Category of ROU Assets	
	Assets	Premises
<b>Balance as at 1 April 2019</b>		2,892.41
Prepayments		60.89
Additions		1,538.35
Deletions		-
Exchange difference on translation of foreign operation		5.91
<b>Balance as at 31 March 2020</b>		<b>4,497.56</b>
<b>Balance as at 01 April 2020</b>		4,497.56
Additions		990.58
Prepayments		23.51
Deletions		(280.84)
Exchange difference on translation of foreign operation		(4.97)
<b>Balance as at 31 March 2021</b>		<b>5,225.84</b>
<b>Accumulated amortisation</b>		
Amortisation for the year		842.57
Exchange difference on translation of foreign operation		1.93
Deletions		-
<b>Balance as at 31 March 2020</b>		<b>844.50</b>
<b>Balance as at 01 April 2020</b>		844.50
Amortisation for the year		1,107.14
Exchange difference on translation of foreign operation		(0.82)
Deletions		(93.77)
<b>Balance as at 31 March 2021</b>		<b>1,857.05</b>
<b>Carrying amounts</b>		
<b>Balance as at 31 March 2021</b>		<b>3,368.79</b>
<b>Balance as at 31 March 2020</b>		<b>3,653.06</b>

The aggregate depreciation expense for the year on ROU assets is included under depreciation and amortization expense in the consolidated 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	For the year ended
	31 March 2021	31 March 2020
Short-term lease expense	598.09	507.76
Low value lease expense	-	-
Variable lease expense	-	-
<b>Total</b>	<b>598.09</b>	<b>507.76</b>

**D Following are the changes in the lease liabilities:**

Particulars	31-Mar-21	31-Mar-20
<b>Opening Balance</b>	3,780.32	2,892.41
Additions	990.58	1,538.35
Exchange differences on translation of foreign operations	(3.98)	3.98
Finance cost accrued during the year	363.62	256.61
Deletions	(195.92)	-
Payment of lease liabilities	(1,177.77)	(911.03)
Rent concession	(118.03)	-
<b>Closing balance</b>	<b>3,638.82</b>	<b>3,780.32</b>
Current lease liabilities	1,012.37	964.32
Non-current lease liabilities	2,626.44	2,816.00



**KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)****Notes to consolidated financial statements (continued)**

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

**6 Leases (continued)****E** The following are the amounts recognised in consolidated statement of profit and loss

<b>Particulars</b>	<b>For the year ended 31 March 2021</b>	<b>For the year ended 31 March 2020</b>
Depreciation on Right-of-use assets	1,107.14	842.57
Interest expenses	363.62	256.61
	<b>1,470.76</b>	<b>1,099.18</b>

**F** The following is the cash outflow on leases:

<b>Particulars</b>	<b>For the year ended 31 March 2021</b>	<b>For the year ended 31 March 2020</b>
Payment of lease liabilities	814.15	654.42
Interest on lease liabilities	363.62	256.61
<b>Total cash outflow on leases</b>	<b>1,177.77</b>	<b>911.03</b>

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

<b>Particulars</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
Less than 1 year	1,315.58	1,232.72
1 to 5 years	2,556.38	2,877.81
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.

**KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)**

**Notes to consolidated financial statements (continued)**

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

Particulars	As at 31 March 2021	As at 31 March 2020
<b>7 Non-current loans</b>		
Rental deposits	457.15	450.68
	<b>457.15</b>	<b>450.68</b>
The Group's exposure to credit risks are disclosed in Note 41		
<b>Break up of security details</b>		
(a) Loans considered good - Secured	-	-
(b) Loans considered good - Unsecured	457.15	450.68
(c) Loans which have significant increase in credit risk	-	-
(d) Loans - credit impaired	-	-
<b>Total</b>	<b>457.15</b>	<b>450.68</b>
Allowance for credit loss	-	-
<b>Total Loans</b>	<b>457.15</b>	<b>450.68</b>
<b>8 Other non-current financial assets</b>		
Electricity deposits	52.66	52.63
Telephone deposits	1.05	1.04
Bank deposits (due to mature after 12 months from balance sheet date)*	9.52	34.84
	<b>63.23</b>	<b>88.51</b>
*represents fixed deposits amounting to INR 9.52 (31 March 2020: INR 34.84) which is not freely remissible because of contractual restrictions.		
The Group'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.		
<b>9 Deferred tax (liability)/ assets (net)</b>		
<b>Deferred tax assets</b>		
Provision for employee benefits and certain other liabilities	304.79	276.65
Provision for expected credit loss on trade receivables and certain other financial assets	377.35	354.75
Carry forward losses	-	3,114.07
Others	78.90	415.77
<b>Total deferred tax assets</b>	<b>761.04</b>	<b>4,161.24</b>
<b>Deferred tax liabilities</b>		
Property, plant and equipment, Goodwill and other intangible assets	(12,890.59)	(3,464.82)
Others	(366.26)	(215.92)
<b>Total deferred tax liabilities</b>	<b>(13,256.85)</b>	<b>(3,680.74)</b>
<b>Deferred tax (liability)/ assets (net)</b>	<b>(12,495.81)</b>	<b>480.50</b>
<b>10 Non-current tax assets</b>		
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
	<b>3,395.66</b>	<b>3,309.67</b>
<b>11 Other non-current assets</b>		
Capital advances	3.99	-
Prepayments	214.48	36.43
	<b>218.47</b>	<b>36.43</b>

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

Particulars	As at 31 March 2021	As at 31 March 2020
<b>12 Investments</b>		
<b>Investments in equity instruments - quoted - at FVTPL</b>		
1,294,489 (31 March 2020: Nil) equity shares of Petronet LNG Limited INR 10 each fully paid	2,908.07	-
	<b>2,908.07</b>	-
<b>Investments in mutual funds - quoted - at FVTPL</b>		
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	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	-	239.57
111,271 (31 March 2020: 27,097) units of SBI Liquid Fund - Regular Daily Dividend	1,155.83	270.43
	<b>6,582.85</b>	<b>1,354.38</b>
	<b>9,490.92</b>	<b>1,354.38</b>
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
The Holding Company has held certain shares of its customer as a trustee. The Holding Company is in process of transferring those shares to the relevant account based of the instruction to be received from respective customers.		
<b>13 Trade receivables</b>		
<i>(Unsecured, considered good)</i>		
Trade receivables	11,703.40	9,175.24
Less: Allowance for credit loss	(1,443.19)	(1,291.32)
	<b>10,260.21</b>	<b>7,883.92</b>
<b>Break up of security details</b>		
(a) Trade receivables considered good - secured	-	-
(b) Trade receivables considered good - unsecured	8,546.04	6,927.45
(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
<b>Total</b>	<b>11,703.40</b>	<b>9,175.24</b>
Allowance for credit loss	(1,443.19)	(1,291.32)
<b>Total trade receivables</b>	<b>10,260.21</b>	<b>7,883.92</b>
<b>Movements in the provision for credit impaired trade receivables are as follows:</b>		
Opening balance	1,291.32	804.72
Balance transferred from loss allowance from retention money (Refer Note 17)	118.08	-
Provision for loss allowance	33.79	486.60
Closing balance	<b>1,443.19</b>	<b>1,291.32</b>
The Group's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in Note 41		
<b>14 Cash and cash equivalents</b>		
Cash on hand	2.06	3.90
Balance with banks:	-	-
(i) in current accounts	2,290.54	1,162.26
	<b>2,292.60</b>	<b>1,166.16</b>
The Group's exposure to credit risk are disclosed in Note 41.		

**KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)**

**Notes to consolidated financial statements (continued)**

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

Particulars	As at 31 March 2021	As at 31 March 2020
<b>15 Bank balances other than cash and cash equivalents</b>		
Bank balance in deposit accounts (having original maturity of more than 3 months but less than 12 months from reporting date)*	54.34	615.63
	<b>54.34</b>	<b>615.63</b>
*Includes fixed deposits amounting to INR 46.13 (31 March 2020: INR 271.64) which is not freely remissible because of contractual restrictions		
The Group's exposure to credit risks are disclosed in Note 41		
<b>16 Current loans</b>		
Rent deposit	9.22	9.22
Loans to employees	26.88	34.46
	<b>36.20</b>	<b>43.68</b>
<b>Break up of security details</b>		
(a) Loans considered good - Secured	-	-
(b) Loans considered good - Unsecured	36.20	43.68
(c) Loans which have significant increase in Credit Risk	-	-
(d) Loans - credit impaired	-	-
<b>Total current loans</b>	<b>36.20</b>	<b>43.68</b>
The Group's exposure to credit risk are disclosed in Note 41.		
There are no debts due to Group by Directors either individually, severally or jointly with another person, by firms or private companies in which any director is a partner or director or member .		
<b>17 Other current financial assets</b>		
<b>Unsecured, Considered good</b>		
Retention money receivable	-	724.09
Contract assets - unbilled revenue	798.98	947.93
Stamp duty receivables	985.18	-
Other receivables	145.51	-
Others	41.34	57.26
	<b>1,971.01</b>	<b>1,729.28</b>
<b>Unsecured, Considered doubtful</b>		
Retention money receivable	-	118.08
Other receivables	56.13	-
	<b>56.13</b>	<b>118.08</b>
Less: Allowance for credit loss		
Retention money receivable	-	(118.08)
Other receivables	(56.13)	-
	<b>(56.13)</b>	<b>(118.08)</b>
	<b>1,971.01</b>	<b>1,729.28</b>
<b>Movements in allowance for credit loss of other current financial assets are as follows:</b>		
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	<b>56.13</b>	<b>118.08</b>
The Company's exposure to credit risks are disclosed in Note 41.		
<b>18 Other current assets</b>		
Advances to vendors for supply of goods/ services	236.96	157.49
Balance with government authorities	135.81	268.92
Prepaid expenses	516.30	310.47
Advances to employees	51.45	61.51
	<b>940.52</b>	<b>798.39</b>

**KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)**

**Notes to consolidated financial statements (continued)**

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

**19 Share capital**

Particulars	As at	As at
	31 March 2021	31 March 2020
<b>Authorised</b>		
176,000,000 (previous year : 176,000,000) equity shares of Rs. 10 each	<b>17,600.00</b>	<b>17,600.00</b>
<b>Issued, subscribed and paid-up</b>		
150,843,583 (previous year : 165,831,429) equity shares of Rs. 10 each, fully paid-up	15,084.36	15,084.36
	<b>15,084.36</b>	<b>15,084.36</b>

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

The Holding 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 Holding 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 Holding Company, the holders of equity shares will be entitled to receive the residual assets of the Holding Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

One of the shareholders of the Holding 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 Group's own equity, there is no accounting necessary in respect of these call options.

**Employee Stock options:**

The Group 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
<b>As at 31 March 2020</b>	<b>15,08,43,583</b>	<b>15,084.36</b>
Shares issued during the year	-	-
<b>As at 31 March 2021</b>	<b>15,08,43,583</b>	<b>15,084.36</b>

\* The Board of Directors and shareholders of the Holding 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 Holding Company in October 2019. Accordingly, the Holding 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 Holding 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. As per the requirements of the Companies Act, 2013, the Holding 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 Holding 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
<b>Equity shares of INR 10 each fully paid up, held by:</b>				
General Atlantic Singapore Fund Pte Ltd	12,55,80,400	83.25%	12,55,80,400	83.25%
<b>Total</b>	<b>12,55,80,400</b>	<b>83.25%</b>	<b>12,55,80,400</b>	<b>83.25%</b>

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

Particulars	As at 31 March 2021		As at 31 March 2020	
	Number of Shares	Percentage	Number of Shares	Percentage
<b>Equity shares of INR 10 each fully paid up, held by:</b>				
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%
<b>Total</b>	<b>14,39,94,696</b>	<b>95.46%</b>	<b>14,39,94,696</b>	<b>95.46%</b>

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 Holding Company has not allotted any shares as fully paid by way of bonus shares during the five year period ended 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 Group, Refer Note 48.

h. During the five year ended on 31 March 2021, the Holding Company has bought back 14,987,846 equity shares under Buy-back Plan 2019.

**KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)**

**Notes to consolidated financial statements (continued)**

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

Particulars	Note	As at	
		31 March 2021	31 March 2020
<b>20 Other equity</b>			
<b>Capital reserve</b>	<b>a</b>		
Balance at the beginning of the year		1.00	1.00
Addition during the year		-	-
Balance at the end of the year		<u>1.00</u>	<u>1.00</u>
<b>Securities premium</b>	<b>b</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		<u>22,824.33</u>	<u>22,824.33</u>
<b>Debenture redemption reserve (DRR)</b>	<b>c</b>		
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		<u>750.00</u>	<u>750.00</u>
<b>Retained earnings</b>	<b>d</b>		
Balance at the beginning of the year		638.07	185.64
Add: (Loss)/ Profit for the year		(6,450.86)	452.43
Balance at the end of the year		<u>(5,812.79)</u>	<u>638.07</u>
<b>Statutory reserve</b>	<b>e</b>		
Balance at the beginning of the year		36.80	36.80
Add: Transfer during the year		-	-
Balance at the end of the year		<u>36.80</u>	<u>36.80</u>
<b>Remeasurement of defined benefit plans (Other comprehensive income)</b>	<b>f</b>		
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		<u>(38.98)</u>	<u>(74.58)</u>
<b>Foreign Currency Translation reserve</b>	<b>g</b>		
Balance at the beginning of the year		30.87	(26.72)
Add: (Loss)/ Profit for the year		(23.67)	57.59
Balance at the end of the year		<u>7.20</u>	<u>30.87</u>
<b>Share based payment reserve</b>	<b>h</b>		
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		<u>289.70</u>	<u>168.10</u>
<b>Capital redemption reserve</b>	<b>i</b>		
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		<u>1,498.78</u>	<u>1,498.78</u>
<b>Total other equity</b>	<b>(a+b+c+d+e+f+g+h+i)</b>	<u><u>19,556.04</u></u>	<u><u>25,873.37</u></u>

**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.
- (b) **Securities premium**  
The amount received in excess of face value of the equity shares is recognised in Securities Premium Reserve. It can be utilised in accordance with the provisions of the Companies Act, 2013 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 Group 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 Group issues debentures, it is required to create a debenture redemption reserve for the redemption of such debentures. The Central Government on 16 August 2019 has amended the Companies (Share Capital and Debentures) Rules 2014 to exclude listed companies having privately placed debentures from the requirement of maintaining DRR. Accordingly, the Group has not transferred any amount to DRR 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) **Statutory Reserve**  
Under the provision of the Bahrain Commercial Companies Law, an amount equivalent to 10% of the subsidiary's profit for the year before appropriation is required to be transferred to a non-distributable reserve account up to a minimum of 50% of the issued share capital. The Group decided to discontinue such transfer since the reserve has already reached 50% of the paid up share capital.
- (f) **Remeasurement of defined benefit plans**  
Remeasurement of defined benefit plans represents the following as per Ind AS 19, Employee Benefits:  
(a) actuarial gains and losses  
(b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and  
(c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset)  
(d) tax effect of the above adjustments
- (g) **Share-based payment reserve**  
The Holding Company has established various equity-settled share based payments plans for certain categories of employees of the Group. Refer Note 48 for further details on these plans.
- (h) **Foreign currency translation reserve**  
Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed off.
- (i) **Capital redemption reserve**  
Represents reserve created for cancellation of 14,987,846 equity shares bought back under buy back plan (Refer Note 19).

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

Particulars	As at 31 March 2021	As at 31 March 2020
<b>21 Non-current borrowings</b>		
Non-convertible Debentures (secured)	34,588.97	37,531.17
Less: Current maturities of long term debt (Refer note 24)	<u>(5,200.00)</u>	<u>(3,200.00)</u>
	<b><u>29,388.97</u></b>	<b><u>34,331.17</u></b>

During the FY 18-19, the Group had issued 4,000 non-convertible debentures (NCDs) of INR 1,000,000 each to Nomura Singapore Limited and Standard Chartered Bank., Singapore for an amount of INR 40,000 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
<b>Net debt as at 01 April 2019</b>	38,886.71	-	1,713.97	40,600.68
Loan draws (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)	(0.00)
<b>Net debt as at 31 March 2020</b>	<b><u>37,531.17</u></b>	<b><u>-</u></b>	<b><u>12.60</u></b>	<b><u>37,543.77</u></b>
<b>Net debt as at 1 April 2020</b>	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)	-
<b>Net debt as at 31 March 2021</b>	<b><u>34,588.97</u></b>	<b><u>-</u></b>	<b><u>24.42</u></b>	<b><u>34,613.39</u></b>

**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 Group Assets under the Group Deed of Hypothecation

**22 Non-current provisions**
*Provision for employee benefits*

Gratuity	613.47	391.12
Compensated absences	135.80	126.07
	<b><u>749.27</u></b>	<b><u>517.19</u></b>

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	2,440.49	2,047.68
	<b><u>2,470.99</u></b>	<b><u>2,049.67</u></b>

\*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	222.14	179.88
Capital creditors	139.87	85.25
Other liabilities	1,636.32	347.22
	<b><u>7,255.62</u></b>	<b><u>3,856.96</u></b>

The Group'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	891.32	805.16
Contract liabilities (Unearned income)	131.39	94.57
	<b><u>1,313.34</u></b>	<b><u>1,160.78</u></b>

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

Particulars	As at 31 March 2021	As at 31 March 2020
<b>26 Current provisions</b>		
<i>Provision for employee benefits:</i>		
Gratuity	17.09	112.29
Compensated absences	288.71	247.53
	<b>305.80</b>	<b>359.82</b>
Refer Note 39 for disclosure related to provisions for employee benefits.		
<b>27 Current tax liability (net)</b>		
Provision for taxation	129.81	93.45
(Net of advance tax INR 5,937.32; 31 March 2020: INR 5,937.32)	<b>129.81</b>	<b>93.45</b>



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

<b>Particulars</b>	<b>For the year ended 31 March 2021</b>	<b>For the year ended 31 March 2020</b>
<b>28 Revenue from operations</b>		
Sale of services	46,351.99	42,101.38
<b>Total (A)</b>	<b>46,351.99</b>	<b>42,101.38</b>
<b>Other operating revenues</b>		
Recoverable expenses	1,762.43	2,885.71
<b>Total (B)</b>	<b>1,762.43</b>	<b>2,885.71</b>
<b>Total (A+B)</b>	<b>48,114.42</b>	<b>44,987.09</b>
*Refer Note 49		
<b>29 Other income</b>		
Interest income from :		
- Bank deposits (carried at amortised cost)	19.95	110.66
- Unwinding of discount on deposits	24.57	15.85
- Income-tax refund	81.97	-
Dividend income from investment in mutual funds	199.03	322.19
Profit on sale of property, plant and equipment (net)	9.86	13.01
Liabilities no longer required written back	-	36.53
Foreign exchange gain (net)	-	35.44
Income on derecognition of ROU and lease liability	8.84	-
Rent concession	118.03	-
Miscellaneous income	43.09	6.07
	<b>505.34</b>	<b>539.75</b>
<b>30 Employee benefits expense</b>		
Salaries and wages	17,011.30	17,417.89
Contribution to provident and other funds [Refer Note 39(i)]	1,399.11	1,292.99
Share based payment expenses (Refer Note 48)	121.60	168.10
Staff welfare expenses	328.55	519.33
	<b>18,860.56</b>	<b>19,398.31</b>
<b>31 Finance cost</b>		
Interest on debentures (at amortised cost)	4,831.79	5,068.13
Unwinding of interest on lease liabilities (Refer Note 6)	363.62	256.61
Other interest costs	-	5.52
	<b>5,195.41</b>	<b>5,330.26</b>
<b>32 Depreciation and amortisation expense</b>		
Depreciation on property, plant and equipment	1,224.03	1,241.99
Amortisation on goodwill	6,692.15	6,710.61
Amortisation on intangible assets	775.59	425.96
Amortisation of right of use asset (Refer Note 6)	1,107.14	842.57
	<b>9,798.91</b>	<b>9,221.13</b>

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

<b>Particulars</b>	<b>For the year ended 31 March 2021</b>	<b>For the year ended 31 March 2020</b>
<b>33 Other expenses</b>		
Power and fuel	486.49	600.13
Rent	598.09	507.76
Repairs and maintenance - Others	112.22	146.15
Rates and taxes	25.19	49.70
Legal and professional fee *	2,078.22	1,422.39
Consultancy	733.10	857.55
Office maintenance	371.14	459.13
Security services	109.47	124.10
Computer and software maintenance	662.31	177.66
Donations	0.00	0.00
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	475.10	1,006.95
Postage, courier and communication	1,778.47	2,692.94
Travelling and conveyance	127.97	678.69
Shared services cost	18.79	221.14
Insurance	43.05	43.79
Staff recruitment	39.19	81.32
Sales promotion and advertisement	40.82	85.88
Depository charges	2.27	7.11
Claims paid	7.67	7.27
Water charges	9.29	19.66
Fair value loss on financial assets measured at fair value through profit and loss, net	72.08	-
Bank charges	5.12	4.21
Foreign exchange loss (net)	47.09	0.13
Loss on disposal of property, plant and equipment, net	-	0.27
Miscellaneous expenses	9.28	18.61
	<b>8,014.30</b>	<b>9,726.33</b>
<b>* Payment to auditors (included in legal and professional expenses above)</b>		
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
	<b>43.00</b>	<b>43.39</b>
<b>** Corporate social responsibility</b>		
a) Gross amount required to be spent by the Holding 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

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

<b>Particulars</b>	<b>For the year ended 31 March 2021</b>	<b>For the year ended 31 March 2020</b>
<b>34 Earning per share (EPS)</b>		
(Loss)/ profit attributable to equity shareholders (A)	(6,450.86)	452.43
<i>Shares</i>		
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	<b>15,08,43,583</b>	<b>15,08,43,583</b>
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 option 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)	(4.28)	0.28
Diluted EPS - par value of INR 10 per share (A/C) (in INR)	(4.28) *	0.28

\* Since the Group has losses in the current year, the Dilutive EPS is considered to be Basic EPS on account of anti-dilutive effect.

KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)

Notes to consolidated financial statements (continued)

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

35 Income tax

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

	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Current tax expense</b>		
Current year	237.09	27.49
	<b>237.09</b>	<b>27.49</b>
<b>Deferred tax charge</b>		
Change in recognised temporary differences	12,964.35	1,370.89
	<b>12,964.35</b>	<b>1,370.89</b>
<b>Total tax expense</b>	<b>13,201.44</b>	<b>1,398.38</b>

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)
	<b>47.57</b>	<b>(11.97)</b>	<b>35.60</b>	<b>(169.05)</b>	<b>42.55</b>	<b>(126.50)</b>

C. Reconciliation of effective tax rate

	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Profit before tax from continuing operations</b>	6,750.58	1,850.81
Enacted tax rate in India*	25.168%	25.168%
Tax using the Holding Company's domestic tax rate	1,698.99	465.81
<b>Tax effect of:</b>		
Impact of tax exempt income	-	(80.78)
Impact of change in tax rate	-	429.95
Impact of change in Finance Act, 2021**	11,192.40	-
Permanent differences	377.20	132.58
Reversal of Minimum alternative credit entitlement*	-	271.55
Impact of differential tax rate	(6.90)	-
Others	(60.25)	179.27
	<b>13,201.44</b>	<b>1,398.38</b>

\*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 Holding Company and for a subsidiary has opted for this amendment and tax rate is calculated @ 22 plus applicable surcharge and cess and accordingly unused tax credit (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 Holding 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 account	Recognised in Other Comprehensive Income	Recognised in Other equity	As at 31 March 2021
Property, plant and equipment, Goodwill and other intangible assets	(3,464.82)	(9,425.77)	-	-	(12,890.59)
Provision for expected credit loss on trade receivables and certain other financial assets	354.75	22.60	-	-	377.35
Provision for employee benefits and certain other liabilities	276.65	40.11	(11.97)	-	304.79
Carry forward losses	3,114.07	(3,114.07)	-	-	-
Others	199.85	(487.22)	-	-	(287.36)
<b>Net deferred tax assets</b>	<b>480.50</b>	<b>(12,964.35)</b>	<b>(11.97)</b>	<b>-</b>	<b>(12,495.81)</b>

	As at 1 April 2019	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)	(1,538.33)	-	-	(3,464.82)
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	271.55	(271.55)	-	-	-
Others	208.6	(8.75)	-	-	199.85
<b>Net deferred tax assets</b>	<b>1,808.84</b>	<b>(1,370.89)</b>	<b>42.55</b>	<b>-</b>	<b>480.50</b>

E. Deferred tax assets are recognised for tax losses carry-forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred tax assets in respect of a subsidiary whose losses amounted to INR 3.06 lakhs that can be carried-forward against future taxable income. These losses can be carried-forward as below:

Particular	As at 31 March 2021	As at 31 March 2020
Losses with expiration (8 years)	0.77	-
Losses without expiration date	-	-

**36 Commitments, contingent liabilities and contingent assets**

	As at 31 March 2021	As at 31 March 2020
<b>A. Commitments</b>		
Capital commitments as on balance sheet date	306.19	-
<b>B. Contingent liabilities</b>		
	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 Rs. 216.65 lakhs and interest thereon, pertaining to period from 1 May 2006 to 31 January 2007. The Transferor Company preferred an appeal to the Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Bangalore and obtained stay order on the above order and the matter is pending disposal. The Group 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 Group 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 Consolidated financial statements of the Group.

(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 Holding 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 consolidated 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 Holding 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 Holding 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 Holding 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 Holding Company has intimated this incident to the Client, the DP and SEBI. The Holding Company has not received any response from these parties. The Holding 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 Beipos. Based on the above review, no significant deviations/ findings were identified. As per management's assessment, supported by legal consultation, the Holding Company believes that it does not have any obligations/ liability due to aforesaid transfer of shares.

(f) The Group is party to certain cases relating to customer complaints which are at various levels of resolution and litigations. The management is confident of resolution of these cases in its favour and does not expect any material impact on the consolidated financial statements.

(g) In September 2018, the Holding Company has received show-cause notice from PFRDA letter alleging the Holding 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 Holding 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 consolidated financial statement of the Group.

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

**37 Segment information:**

**For the year ended 31 March 2021**

Particulars	Registry services	Data processing services	Pension fund solutions	Total reportable segments	Unallocable	Total
<b>Segment revenue</b>						
-External revenues	43,645.03	4,201.82	267.57	48,114.42	-	48,114.42
-Intersegment revenues	-	-	-	-	-	-
<b>Total segment revenue</b>	<b>43,645.03</b>	<b>4,201.82</b>	<b>267.57</b>	<b>48,114.42</b>	-	<b>48,114.42</b>
<b>Segment results</b>	13,988.62	2,112.19	(353.68)	15,747.13	-	<b>15,747.13</b>
<b>Unallocated</b>						
(a) Unallocable expenses					(4,306.48)	(4,306.48)
(b) Finance cost					(5,195.41)	(5,195.41)
(c) Other income					505.34	505.34
<b>Profit before tax</b>						<b>6,750.58</b>
Less: Taxes						13,201.44
<b>Loss after tax</b>						<b>(6,450.86)</b>

**KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)**
**Notes to consolidated financial statements (continued)**
*(All amounts are in INR lakhs, unless otherwise stated)*
**37 Segment information (continued)**
**As at 31 March 2021**

Particulars	Registry services	Data processing services	Pension fund solutions	Total reportable segments	Unallocable	Total
Segment assets	68,198.63	6,505.25	270.34	74,974.22	17,414.60	92,388.82
Segment liabilities	4,812.32	1,027.32	42.35	5,881.99	51,866.43	57,748.42

**For the year ended 31 March 2020**

Particulars	Registry services	Data processing services	Pension fund solutions	Total reportable segments	Unallocable	Total
<b>Segment revenue</b>						
-External revenues	41,234.41	3,617.66	135.02	44,987.09	-	44,987.09
-Intersegment revenues	-	-	-	-	-	-
<b>Total segment revenue</b>	<b>41,234.41</b>	<b>3,617.66</b>	<b>135.02</b>	<b>44,987.09</b>	-	<b>44,987.09</b>
<b>Segment results</b>	10,051.76	644.62	(480.71)	10,215.67	-	<b>10,215.67</b>
<b>Unallocated</b>						
(a) Unallocable expenses					(3,574.35)	(3,574.35)
(b) Finance cost					(5,330.26)	(5,330.26)
(c) Other income					539.75	539.75
<b>Profit before tax</b>						<b>1,850.81</b>
Less: Taxes						1,398.38
<b>Profit after tax</b>						<b>452.43</b>

**As at 31 March 2020**

Particulars	Registry services	Data processing services	Pension fund solutions	Total reportable segments	Unallocable	Total
Segment assets	69,886.57	7,723.34	233.66	77,843.57	9,263.52	87,107.09
Segment liabilities	3,910.77	1,037.69	30.61	4,979.07	41,170.29	46,149.36

(a) The Group is engaged in three business segments: Registry services, data processing services and pension fund solutions. Based on the "management approach" as defined in Ind AS 108 - 'Operating Segments', the Chief Operating Decision Maker evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly, information has been presented along these business segments. The accounting principles used in the preparation of the financial

(b) Segment result represents the profit before interest and tax earned by each segment without allocation of central administrative costs and other income.

(c) As allowed under Ind AS 108 - "Operating Segments", the segment information disclosed above is based on the consolidated financial statements.

**38 Disclosure as required under the Micro, Small and Medium Enterprises Development Act, 2006 ('the MSMED Act') based on the information available with the Group**

The Management has identified enterprises which have provided goods and services to the Group and which qualify under the definition of micro and small enterprises, as defined under the MSMED Act. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2021 has been made in the consolidated financial statements based on information received and available with the Group. Further in the view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the MSMED Act is not expected to be material. The Group has not received any claim for interest from any supplier under the said MSMED 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.	-	-
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.	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting year.	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act.	-	-

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

**KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)**
**Notes to consolidated financial statements (continued)**

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

**39 Employee benefits**

The Group contributes to the following post-employment defined benefit contribution in India.

**(i) Defined contribution plans:**
Employee State Insurance

The Group makes contribution towards Employee state insurance for its employees. The Group's contribution to the Employees' State Insurance is deposited with the government.

Provident fund

The Group makes contribution towards provident fund for employees. The Group's contribution to the Employees' Provident Fund is deposited with the Government under the Employees' Provident Fund and Miscellaneous Provisions Act, 1952. The contribution paid under the plan by the Group is at the rate specified under the Employees' Provident Fund and Miscellaneous Provisions Act, 1952.

During the year, the Group has recognised following amounts in the 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
Defined Contribution Plan - for egn subsidiaries	33.17	23.56

**(ii) Defined benefit plan:**

The Group makes annual contribution to a gratuity fund administered by trustees and managed by Life Insurance Corporation of India (LIC). Every employee is entitled to a benefit equivalent to fifteen days salary last drawn for each completed year of service in line with the Payment of Gratuity Act 1972. The same is payable at the time of separation from the Group or retirement whichever is earlier.

A. Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Group's financial statements as at balance sheet date:

	For the year ended 31 March 2021	For the year ended 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	As at 31 March 2021			As at 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
<b>Included in consolidated statement of profit or loss</b>						
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
	<b>236.59</b>	<b>(61.88)</b>	<b>174.71</b>	<b>224.66</b>	<b>(66.87)</b>	<b>157.79</b>
<b>Included in Other comprehensive income</b>						
Remeasurement loss/ (gain)						
Actuarial loss/ (gain) arising from:						
- financial assumptions	(55.62)	5.60	(50.02)	176.26	-	176.26
on plan assets	-	2.46	2.46	-	(7.21)	(7.21)
	<b>(55.62)</b>	<b>8.06</b>	<b>(47.56)</b>	<b>176.26</b>	<b>(7.21)</b>	<b>169.05</b>
<b>Others</b>						
Amount transferred pursuant to business combination (Refer Note 45)	-	-	-	-	(94.98)	(94.98)
Benefits paid	(197.71)	197.71	-	(86.93)	86.93	-
	<b>(197.71)</b>	<b>197.71</b>	<b>-</b>	<b>(86.93)</b>	<b>(8.05)</b>	<b>(94.98)</b>
Balance as at end of the year	<b>1,389.02</b>	<b>(758.46)</b>	<b>630.56</b>	<b>1,405.76</b>	<b>(902.35)</b>	<b>503.41</b>

**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 Group whereby the Group contributes the net increase in the actuarial liability to the plan manager (insurer) in order to manage the liability risk.

**D. Actuarial assumptions**
**a) Economic assumptions**

The principal assumptions are the discount rate, expected rate of return on plan assets and salary growth rate. Financial and demographic valuation assumptions are as follows:

	As at 31 March 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%

**KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)**

**Notes to consolidated financial statements (continued)**

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

**39 Employee benefits (continued)**

**D. Actuarial assumptions (continued)**

**b) Demographic assumptions**

	As at 31 March 2021	As at 31 March 2020
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.

	As at 31 March 2021		As at 31 March 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(117.99)	136.38	(116.34)	134.62
Future salary growth (1% movement)	169.78	(146.03)	167.60	(144.27)
Mortality rate (1% movement)	14.09	(2.62)	(98.42)	(2.65)
Attrition rate (1% movement)	89.75	(99.21)	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
<b>Duration of defined benefit payments</b>		
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	771.12	759.95
<b>Total</b>	<b>1,389.02</b>	<b>1,405.75</b>

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 lakhs.

**G. Discount rate:** The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

**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 Group provides compensated absences benefits to the employees of the Group which can be carried forward to future years. Since the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilised wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. During the year ended 31 March 2021, the Group has incurred an expense on compensated absences amounting to INR 146.92 lakhs (31 March 2020: INR 191.31 lakhs). The Group determines the expense for compensated absences basis the actuarial valuation of the present value of the obligation, using the Projected Unit Credit Method.

**40 Related parties**

**A. Names of related party and nature of relationship**

**i. Holding Group :**

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) Kausik Mazumdar, Independent Director
- d) Sanu Helen Bhasin, Independent Director
- e) Sandeep Achyut Naik, Director
- f) Visthrwanathan Mavila Nair, Director
- g) Shantanu Rastogi, Director
- h) Vishesh Tayal, Director (w.e.f 24 March 2020 and upto 26 May 2020)
- i) Prashant Saman, 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) Adhish Parthasarathy

**iv. Enterprises where KMP exercise significant influence (Upto 23 November 2019)**

- a) Karvy Stock Broking Limited
- b) Karvy Data Management Services Limited
- c) Compas Estates and Agencies Private Limited
- d) Parthasarathy Comandu HUF

**v. Post-employment benefit plan**

- a) Karvy Fintech Private Limited Employees Group Gratuity Assurance scheme



**KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)**

**Notes to consolidated financial statements (continued)**

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

**40 Related parties (continued)**

**B. Transactions with the related parties**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>i) Holding Group</b>		
<b>General Atlantic Singapore Fund Pte Ltd</b>		
Buy back of equity shares (including taxes)	-	9,270.21
<b>ii) Enterprises controlled or jointly controlled by KMP</b>		
<b>Karvy Stock Broking Limited</b>		
Purchase of securities	-	41.94
Sale of securities	-	163.79
Fee from investor services	-	(7.98)
Reimbursement of expenses	-	10.66
<b>Karvy Data Management Services Limited</b>		
Rent expenses	-	168.53
Professional charges	-	17.32
Fee from investor services	-	(5.87)
Reimbursement of expenses	-	(12.81)
<b>Compar Estates and Agencies Private Limited</b>		
Buy back of equity shares (including taxes)	-	1,674.99
<b>Parthasarathy Comandur HUF</b>		
Buy back of equity shares (including taxes)	-	180.74
<b>iii) Key Management Personnel*</b>		
Short-term employee benefits		
- Remuneration paid	426.25	250.01
- Incentives/Bonuses paid	147.51	711.52
- Professional fee paid	-	161.01
- Buy back of equity shares (including taxes)	-	149.62
Share-based payment	115.62	121.15
<b>iv) Relatives of KMP</b>		
Buy back of equity shares (including taxes)	-	292.62

\* The managerial personnel are covered by the Group's gratuity policy and are eligible for leave encashment along with other employees of the Group. The proportionate amount of gratuity and leave encashment pertaining to the managerial personnel has not been included in the aforementioned disclosures as these are determined on an actuarial basis for the Group as a whole.

**C. Related party balances**

Particulars	As at 31 March 2021	As at 31 March 2020
<b>i) Enterprises controlled or jointly controlled by KMP</b>		
<b>Karvy Stock Broking Limited*</b>		
Trade payables	-	9.92
<b>Karvy Data Management Services Limited*</b>		
Trade payables	-	629.28
*These parties are considered as related parties up to 23 November 2019.		
<b>ii) Key Management Personnel</b>		
Incentive payable	-	100.00
Other liabilities	-	16.14

All related party transactions entered during the year were in ordinary course of business and are on arm's length basis.

KFm Technologies Private Limited (formerly known as Karvy Entech Private Limited)

Notes to consolidated financial statements (continued)

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

41 Financial instruments – Fair values and risk management

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			Total
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised cost	Total	Level 1	Level 2	Level 3	
<b>Financial assets</b>								
<b>Non-current assets</b>								
Loans	-	-	457.15	457.15	-	-	-	-
Other non-current financial assets	-	-	63.23	63.23	-	-	-	-
<b>Current assets</b>								
Current investments	9,490.92	-	-	9,490.92	2,908.07	6,582.85	-	9,490.92
Trade receivables	-	-	10,260.21	10,260.21	-	-	-	-
Cash and cash equivalents	-	-	2,292.60	2,292.60	-	-	-	-
Bank balances other than cash and cash equivalent	-	-	54.34	54.34	-	-	-	-
Loans	-	-	36.20	36.20	-	-	-	-
Other current financial assets	-	-	1,971.01	1,971.01	-	-	-	-
	<b>9,490.92</b>	<b>-</b>	<b>15,134.74</b>	<b>24,625.66</b>	<b>2,908.07</b>	<b>6,582.85</b>	<b>-</b>	<b>9,490.92</b>
<b>Financial liabilities</b>								
Borrowings	-	-	34,588.97	34,588.97	-	-	-	-
Lease liabilities	-	-	3,638.81	3,638.81	-	-	-	-
Trade payables	-	-	2,470.99	2,470.99	-	-	-	-
Other current financial liabilities	-	-	2,055.62	2,055.62	-	-	-	-
	<b>-</b>	<b>-</b>	<b>42,754.39</b>	<b>42,754.39</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>As at 31 March 2020</b>								
As at 31 March 2020	Carrying amount				Fair value			Total
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Level 1	Level 2	Level 3	
<b>Financial assets</b>								
<b>Non-current assets</b>								
Loans	-	-	450.68	450.68	-	-	-	-
Other non-current financial assets	-	-	88.51	88.51	-	-	-	-
<b>Current assets</b>								
Current investments	1,354.38	-	-	1,354.38	-	1,354.38	-	1,354.38
Trade receivables	-	-	7,883.92	7,883.92	-	-	-	-
Cash and cash equivalents	-	-	1,166.16	1,166.16	-	-	-	-
Bank balances other than cash and cash equivalent	-	-	615.63	615.63	-	-	-	-
Current loans	-	-	43.68	43.68	-	-	-	-
Other current financial assets	-	-	1,729.28	1,729.28	-	-	-	-
	<b>1,354.38</b>	<b>-</b>	<b>11,977.66</b>	<b>13,332.24</b>	<b>-</b>	<b>1,354.38</b>	<b>-</b>	<b>1,354.38</b>
<b>Financial liabilities</b>								
Non-current borrowings	-	-	37,531.17	37,531.17	-	-	-	-
Lease liabilities	-	-	3,780.32	3,780.32	-	-	-	-
Trade payables	-	-	2,049.67	2,049.67	-	-	-	-
Other financial liabilities	-	-	656.96	656.96	-	-	-	-
	<b>-</b>	<b>-</b>	<b>44,018.12</b>	<b>44,018.12</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

B. Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are:

- (a) recognised and measured at fair value and
- (b) measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into three levels prescribed under the Indian Accounting Standard 113. An explanation of each level follows underneath the table.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There are no transfers between level 1 and level 2 during the year.

Valuation process

The finance department of the Group performs the valuation of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team reports directly to the Chief Financial Officer. Discussions of valuation processes and results are held between the finance controller and the finance team at least once every quarter.

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
<b>Financial assets</b>				
Loans	493.35	493.35	494.36	494.36
Other non-current financial assets	63.23	63.23	88.51	88.51
Trade receivables	10,260.21	10,260.21	7,883.92	7,883.92
Cash and cash equivalents	2,292.60	2,292.60	1,166.16	1,166.16
Bank balances other than cash and cash equivalent	54.34	54.34	615.63	615.63
Other current financial assets	1,971.01	1,971.01	1,729.28	1,729.28
	<b>15,134.74</b>	<b>15,134.74</b>	<b>11,977.66</b>	<b>11,977.66</b>
<b>Financial liabilities</b>				
Borrowings	34,588.97	34,588.97	37,531.17	37,531.17
Trade payables	2,470.99	2,470.99	2,049.67	2,049.67
Lease liabilities	3,638.81	3,638.81	3,780.32	3,780.32
Other current financial liabilities	2,055.62	2,055.62	656.96	656.96
	<b>42,754.39</b>	<b>42,754.39</b>	<b>44,018.12</b>	<b>44,018.12</b>

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.

**KFm Technologies Private Limited (formerly known as Karvy Etech Private Limited)**

**Notes to consolidated financial statements (continued)**

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

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

**II. Financial risk management**

**Risk management framework**

The Holding Group's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors has constituted an Audit Committee which is responsible for monitoring the Group's risk management policies. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group has exposure to the following risks arising from financial instruments:

- a) Credit risk;
- b) Liquidity risk; and
- c) Market risk

**i. Credit risk:**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations resulting in a financial loss to the Group. Credit risk encompasses both the direct risk of default and the risk of deterioration of credit worthiness as well as concentration risks. Credit risk arises principally from trade receivables, 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 Group does not expect any losses from non-performance by these counter-parties. It also consists of loans given to employees for which the Group does not expect any losses as the said loans are only given to confirmed employees of the organisation.

**b. Trade receivables**

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Group establishes an allowance for impairment that represents its expected credit losses in respect of trade and other receivables. The management uses a simplified approach for the purpose of computation of expected credit loss for trade receivables. An impairment analysis is performed at each reporting date.

The management has established a credit policy under which each new customer is analysed individually for creditworthiness before the standard payments and delivery terms and conditions are offered. The average credit period provided to customers is around 40 days. The Group review includes external ratings, customer's credit worthiness, if they are available, and in some cases bank references.

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 Group 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 Group are held with banks which have high credit rating. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

**Retention money receivable**

During FY 2019-20, the Group 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	10,260.21	7,883.92
Retention money receivable	-	724.09

During the year, the Group has made no write-offs of trade receivables as disclosed in Note 33 as it does not expect to receive future cash flows or recoveries from collection of receivables previously written off. The Group'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 Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the cash flows generated from operations to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, the Group's treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Group's liquidity position comprising cash and cash equivalents on the basis of expected cash flows. This is generally carried out in accordance with practice and limits set by the Group. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans. As at 31 March 2021, the Group has a net current assets of INR 12,557.88 lakhs (31 March 2020: INR 5,160.44 lakhs)

**Maturities of financial liabilities**

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and exclude 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
<b>Non-derivative financial liabilities</b>						
Trade payables	2,470.99	2,470.99	2,470.99	-	-	-
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)	2,031.20	2,031.20	2,031.20	-	-	-
<b>Total</b>	<b>39,115.58</b>	<b>48,887.89</b>	<b>13,826.27</b>	<b>11,406.63</b>	<b>23,654.99</b>	<b>-</b>

\* 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
<b>Non-derivative financial liabilities</b>						
Trade payables	2,049.67	2,049.67	2,049.67	-	-	-
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)	644.36	644.36	644.36	-	-	-
<b>Total</b>	<b>40,237.80</b>	<b>50,106.97</b>	<b>10,468.02</b>	<b>10,406.95</b>	<b>29,232.00</b>	<b>-</b>

\* The contractual Cash flows includes interest obligation on borrowings

**KFm Technologies Private Limited (formerly known as Karvy FinTech Private Limited)**

**Notes to consolidated financial statements (continued)**

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

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

**iii. Market risk:**

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates – will affect the Group's Revenue from operations or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

**Interest rate risk:**

The Group does not have any borrowings with variable rates. Group has all of its borrowings at fixed rate. The Group has issued Non convertible borrowings at fixed interest rate.

**Exposure to interest rate risk**

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows:

	As at 31 March 2021	As at 31 March 2020
<i>Fixed-rate instruments</i>		
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 Group. Hence, change in interest rates would not have an impact on cash flows of the Group

**Fair value sensitivity analysis for fixed-rate instruments**

The Group does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

**Currency risk:**

The Group is exposed to foreign currency risk on certain transactions that are denominated in a currency other than entity's functional currency, hence exposure to exchange rate fluctuations arises.

**Exposure to currency risk**

The summary quantitative data about the Group's unhedged exposure to significant currency risk in foreign currency and domestic currency as reported to the management of the Group is as follows:

Financial assets	As at 31 March 2021		As at 31 March 2020	
	Amount in FC	Amount in INR	Amount in FC	Amount in INR
<b>Trade receivables:</b>				
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

**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
<b>For the year ended 31 March 2021</b>				
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
<b>For the year ended 31 March 2020</b>				
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

**42 Capital management**

The Group's objectives when managing capital are to

- safeguard the ability to continue as a going concern so that it can continue to provide return for shareholders and benefits for other stakeholders; and
- maintain an optimal capital structure to reduce the cost of capital.

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 Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents and current equity instrument of other companies and investment in mutual funds) divided by total 'equity' (as shown in the balance sheet, excluding Capital reserve, Capital redemption reserve, Debenture redemption reserve, Share based payment reserve and Statutory reserve). The gearing ratios were as follows:

Particulars	31 March 2021	31 March 2020
Net debt	22,629.87	35,023.23
Total equity	32,064.12	38,503.05
<b>Net debt to equity ratio</b>	<b>71.26%</b>	<b>90.96%</b>

**Debt covenants**

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

- DSCR not less than 1.1 times during the tenure of the debentures.
- Maximum Net Debt/ EBITDA not to exceed 3.75 times.

The Group 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 Holding 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 Holding Company in the submissions made earlier to SEBI and is based on legal advice obtained by the Holding Company. Basis such computation, the Holding Company is in compliance with the minimum net worth criteria as per aforementioned SEBI guidelines.

**KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)****Notes to consolidated financial statements (continued)***(All amounts are in INR lakhs, unless otherwise stated)***43 Impairment test of goodwill**

As at 31 March 2021, the Group is carrying goodwill aggregating to INR 52,455.44 lakhs (31 March 2020 : INR 59,147.59 lakhs) referred to in Note 4, 44 and 45. For the period ended 31 March 2021, the goodwill impairment has been assessed at the Group 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 Group believes this to be the most appropriate timescale over which to review and consider annual performances before applying a fixed terminal value multiple to the final year cash flows. The growth rates used to estimate future performance are based on the conservative estimates from past performance.

The Group has performed sensitivity analysis around the base assumptions and have concluded that no reasonable changes in key assumptions would cause the recoverable amount of the CGU to be less than the carrying value.

The 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 EB ITDA 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 EB ITDA 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 Holding 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 and fund accounting 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:

- all assets and liabilities pertaining to business transferred to the Holding Company have been recorded at their fair values as at 11 November 2019,
- Certain assets not recorded by SBFS such as customer contracts have been recorded by the company at their fair values,
- the purchase consideration has been recorded at fair value, and
- 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
<b>Purchase consideration (A)</b>	<b>2,653.35</b>
<b>Fair value of identifiable assets and liabilities acquired</b>	
<b>Assets</b>	
Property, plant and equipment	311.05
Intangible assets	
a) Customer contracts	2,189.78
b) Computer software	16.51
<b>Total assets (B)</b>	<b>2,517.34</b>
<b>Total liabilities (C)</b>	-
<b>Net assets (D=B-C)</b>	<b>2,517.34</b>
<b>Goodwill (A-D)</b>	<b>136.01</b>

The goodwill is attributable mainly to the strong customer base and the synergies expected to be achieved from integrating the target into the Group's existing Standard business.

**Measurement of fair values**

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
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 Holding 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 Group. 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 Group 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 Group 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 46,464.05 lakhs and INR 2,200.46 lakhs respectively.

#### **45 Business combination**

The Board of Directors of the Holding 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 Group**

In the Scheme, the 'RTA undertaking' of KCL is defined as the assets and liabilities relating to the Registrar and Transfer Agent (RTA) business of KCL including the investment held by KCL (50% equity stake) in KCPL. In accordance with the Scheme, this RTA Undertaking of KCL has been amalgamated into the Group with effect from 17 November 2018 in consideration of issue of 110,000,015 equity shares of INR 10 each of the Group to the shareholders of KCL (as per the share swap ratio approved in the Scheme).

As specified in the Scheme, this amalgamation has accounted for in accordance with the Purchase method of accounting as per Accounting Standard 14 - on 'Accounting for Amalgamations'. Accordingly:

- a) all assets and liabilities of the RTA Undertaking of KCL including the investment held by KCL in KCPL have been recorded at their existing book values as at November 16, 2018 (as certified by the independent auditors of KCL);
- b) the consideration, being the face value of the said equity shares issued by the Group to the shareholders of KCL has been recorded at par value; and
- c) the difference between a) and b) above amounting to INR 10,937.50 lakhs has been recorded as Goodwill.

##### **Amalgamation of KCPL into the Group**

On 17th November 2018, the Group acquired a 50% stake in KCPL from an existing shareholder. The remaining 50% stake in KCPL got vested in the Group on 17th November 2018 upon the RTA Undertaking of KCL getting amalgamated into the Group. Accordingly, on 17th November 2018, KCPL became a wholly owned subsidiary of the Holding Company. However, the amalgamation of KCPL into the Group also became effective on the same day, and hence, KCPL got merged into KFPL on 17th November 2018.

As specified in the Scheme, the Group has accounted for the amalgamation as follows:

- a) all assets and liabilities of KCPL have been recorded at their existing book values as at 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 56,003.47 lakhs has been recorded as Goodwill.

As per the Scheme, the cumulative goodwill arising on the transaction amounting to INR 66,940.98 lakhs is being amortised over a period of 10 years. Goodwill generated on this transaction largely represents the value of the businesses acquired by the Group as reduced by the book values of the assets and liabilities of the acquired businesses.

**KFin Technologies Private Limited (formerly known as Kaavy Fintech Private Limited)**

**Notes to consolidated financial statements (continued)**

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

**46 Impact of COVID-19**

The Group has taken into account all the possible impacts of COVID-19 in preparation of these consolidated financial statements, including but not limited to its assessment of, liquidity and going concern assumption, recoverable values of its financial and non-financial assets. The Group has carried out this assessment based on available internal and external sources of information upto the date of approval of these consolidated financial statements and believes that the impact of COVID-19 is not material to these consolidated financial statements and expects to recover the carrying amount of its assets. The impact of COVID-19 on the consolidated financial statements may differ from that estimated as at the date of approval of these consolidated financial statements owing to the nature and duration of COVID-19.

**47 Transfer pricing**

The Holding 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 Holding 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 2021, 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 consolidated financial statements, particularly on the amount of tax expenses and that of provision for taxation.

**48 Share Based Payments**

The shareholders of the Holding Company vide their meeting held on 31 July 2019 have authorised the Board of Directors to introduce, offer and provide share-based incentives to eligible employees of the Group under KFPL Employee Stock Option Plan 2019 ('ESOP Plan 2019'). Subsequently, the Board and Nomination and Remuneration Committee (NRC) of the Holding Company have notified three schemes under the ESOP Plan 2019. The maximum number of shares that the Holding Company can issue under the ESOP Plan 2019 are 9,593,839 equity shares. Subsequently 2,500,000 options cancelled by the Holding Company with approval taken in EGM held on 20th October 2020. The revised number of Equity share 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 Holding 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 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% 16.16%	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).

**48 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 Holding Company has granted 1,81,5,586 options under ESOP Plan 2019 to eligible employees as identified by the Nomination and Remuneration Committee (NRC).

**49 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	41,393.33	36,909.50
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
<b>Total</b>		<b>48,114.42</b>	<b>44,987.09</b>

**(b) Contract balances:**

	As at 31 March 2021	As at 31 March 2020
Trade receivables, net	10,260.21	7,883.92
Contract assets - unbilled revenue	798.98	947.93
Retention money receivables, net	-	724.09
Contract liabilities (Unearned income)	131.39	94.57

During the year ended 31 March 2021, INR 947.93 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 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	47,315.44	44,239.74
Less: Adjustments for price concessions	-	(200.58)
Add: Unbilled revenue	798.98	947.93
<b>Revenue from operations</b>	<b>48,114.42</b>	<b>44,987.09</b>

**50** During the year, the Holding 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.

**51** On 23 March 2021, KFin Service Private Limited (hereinafter referred as "KFin Services") has entered into an agreement to invest in Artivatic Data Labs Private Limited by subscribing to 3,511 number of equity shares of INR 1 each fully paid-up and 31,599 Compulsory Convertible Preference Shares having a face value of INR 1 for a total consideration of INR 750.00 lakhs, collectively comprising of 17% holding of Artivatic Data Labs Private Limited. The aforesaid amount is planned to be invested in two Tranches, of which first tranche is completed in the month of April 2021.

The acquisition is proposed to be funded by way of Equity infusion by the Holding Company.

All of the aforementioned transactions are subject to conditions precedent and applicable approvals, as deemed necessary.

KFin Services has incurred an amount of INR 47.40 towards transaction costs which are attributable to the acquisition of financial asset. As at 31 March 2021, this is considered as prepaid expenses.

**52** Subsequent to the balance sheet date, the shareholders of the Holding Company have executed an agreement to terminate the amended and restated shareholder agreement dated 28 May 2021. The Holding 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** The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the Group towards Provident Fund and Gratuity. The effective date from which the changes are applicable is yet to be notified and the rules for quantifying the financial impact are yet to be framed. In view of this, impact if any, of the change will be assessed and accounted in the period of notification of the relevant provisions.



**KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)**

**Notes to consolidated financial statements (continued)**

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

**54. Additional information pursuant to paragraph 2 of Division II of Schedule III to the Companies Act 2013- 'General instructions for the preparation of consolidated financial statements**

**As at 31 March 2021**

Name of the entity	Net assets (total assets minus total liabilities)		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated OCI	Amount	As % of consolidated total comprehensive income	Amount
<b>Parent</b>								
KFin Technologies Private Limited	99.18%	34,356.44	104.35%	(6,731.40)	100%	11.93	104.36%	(6,719.47)
<b>Subsidiary in India</b>								
KFin Services Private Limited	-0.01%	(2.06)	0.03%	(2.14)	-	-	0.03%	(2.14)
<b>Foreign subsidiaries</b>								
KFin Technologies (Bahrain) W.L.L.	1.00%	346.09	-2.10%	135.21	-	-	-2.10%	135.21
KFin Technologies (Malaysia) SDN BHD	1.83%	633.05	-1.41%	91.05	-	-	-1.41%	91.05
Adjustment arising out of consolidation	-2.00%	(693.12)	-0.87%	56.42	-	-	-0.88%	56.42
<b>Total</b>	<b>100%</b>	<b>34,640.40</b>	<b>100%</b>	<b>(6,450.86)</b>	<b>100%</b>	<b>11.93</b>	<b>100%</b>	<b>(6,438.93)</b>

**As at 31 March 2020**

Name of the entity	Net assets (total assets minus total liabilities)		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated OCI	Amount	As % of consolidated total comprehensive income	Amount
<b>Parent</b>								
KFin Technologies Private Limited	99.93%	40,930.64	129.83%	587.38	100.00%	(68.91)	135.19%	518.47
<b>Subsidiary in India</b>								
KFin Services Private Limited	0.00%	0.08	0.01%	(0.92)	-	-	0.01%	(0.92)
<b>Foreign subsidiaries</b>								
KFin Technologies (Bahrain) W.L.L.	0.62%	252.98	1.70%	7.67	-	-	2.00%	7.67
KFin Technologies (Malaysia) SDN BHD	1.26%	514.63	13.63%	61.66	-	-	16.08%	61.66
Adjustment arising out of consolidation	-1.81%	(740.60)	-44.95%	(203.36)	-	-	-53.02%	(203.36)
<b>Total</b>	<b>100%</b>	<b>40,957.73</b>	<b>100%</b>	<b>452.43</b>	<b>100%</b>	<b>(68.91)</b>	<b>100%</b>	<b>383.52</b>

As per our Report of even date attached

**for BSR & Associates LLP**

Chartered Accountants

ICAI Firm Registration No.: 116231 WW-100024

**ARPAN SHANTILAL JAIN**

Digitally signed by ARPAN SHANTILAL JAIN  
Date: 2021.06.24 18:29:57 +05'30'

**Arpan Jain**

Partner

Membership No.: 125710

Place: Hyderabad

Date: 24 June 2021

*for and on behalf of Board of Directors of*

**KFin Technologies Private Limited**

CIN: U72400TG2017PTC117649

VENKATA SATYA NAGA SREEKANTH NADELLA  
Digitally signed by VISHWANATHAN MAVILA NAIR  
Date: 2021.06.24 16:03:43 +05'30'

**Vishwanathan M Nair**

Chairman

DIN: 02284165

Place: Mumbai

Date: 24 June 2021

VENKATA SATYA NAGA SREEKANTH NADELLA  
Digitally signed by VIVEK NARAYAN MATHUR  
Date: 2021.06.24 15:08:14 +05'30'

**Sreekanth Nadella**

Whole time Director & Chief Executive Officer

DIN: 08659728

Place: Hyderabad

Date: 24 June 2021

VIVEK NARAYAN MATHUR  
Digitally signed by ALPANA UTTAM KUNDU  
Date: 2021.06.24 15:08:14 +05'30'

**Vivek Narayan Mathur**

Chief Financial Officer

Membership No.: A089454

Place: Mumbai

Date: 24 June 2021

ALPANA UTTAM KUNDU  
Digitally signed by ALPANA UTTAM KUNDU  
Date: 2021.06.24 15:08:14 +05'30'

**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)

### 1. Reporting entity

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

### 2. Significant Accounting Policies

#### A. Basis of preparation

The consolidated financial statements are prepared by adopting uniform accounting policies between the group companies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's standalone financial statements.

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

#### Subsidiaries considered in the Consolidated financial statements:

Entity	Country of incorporation	Holding (%)
KFin Technologies (Bahrain) W.L.L. (Formerly known as Karvy Fintech (Bahrain) WLL)	Bahrain	100
KFin Technologies (Malaysia) SDN. BHD (Formerly known as Karvy Fintech (Malaysia) SDN. BHD.)	Malaysia	100
KFin Services Private Limited	India	100

#### B. Functional and presentation currency

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

#### C. Basis of measurement

The consolidated 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

**KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)**  
**Notes to consolidated financial statements (continued)**

**C. Basis of measurement (continued)**

**Fair value measurement**

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the Consolidated 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 year the Company re-assesses categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

**D. Use of judgments and estimates**

In preparing these Consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Management believes that the estimates used in the preparation of the Consolidated financial 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 Consolidated financial statements have been given below:

- Note N - revenue recognition
- Note Q - classification of financial assets: assessment of business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

**D. Use of judgments and estimates (continued)**

**b) Assumptions and estimation uncertainties**

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the Consolidated 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 M).
- *Taxes*  
Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. The Group establishes provisions, based on reasonable estimates, for possible consequences of assessment by the tax authorities of the jurisdiction in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax assessment and differing interpretations of tax laws by the taxable entity and the responsible tax authority. The Group assesses the probability for litigation and subsequent cash outflow with respect to taxes.  
Deferred income tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. (Refer note 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 Group's assets are estimated by Management at the time the asset is acquired and reviewed during each financial year. (Refer note H, I and J)
- *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 Group to estimate their fair value net of disposal costs as well as their value-in-use. The assessment of value-in-use requires assumptions to be made with respect to the operating cash flows of the CGUs as well as the discount rates. (Refer note K)

**KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)**  
**Notes to consolidated financial statements (continued)**

**E. Principles of Consolidation**

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Non-controlling interests in the results are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

**F. Classification of assets and liabilities as current and non-current**

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

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

All other assets are classified as non-current.

Deferred tax assets are classified as non-current assets.

A liability is treated as current when:

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

All other liabilities are classified as non-current

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

**KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)**  
**Notes to consolidated financial statements (continued)**

**G. Leases**

*i. As a lessee*

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

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

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

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

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

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

*Short-term leases and leases of low-value assets*

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

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

**KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)**  
**Notes to consolidated financial statements (continued)**

**G. Leases (continued)**

*ii. As a lessor*

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

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

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

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

**H. Property, plant and equipment**

**Recognition and measurement**

*Property, plant and equipment*

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

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

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

*Capital work-in-progress*

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

**Subsequent Measurement**

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

**KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)**  
**Notes to consolidated financial statements (continued)**

**H. Property, plant and equipment**

**Depreciation**

The Group 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.

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

**I. 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 is amortised on straight line basis

<b>Asset category</b>	<b>Estimated useful life (Years)</b>
Computer software	3-10
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.



**KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)**  
**Notes to consolidated financial statements (continued)**

**J. 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.

**K. Impairment of non-financial assets**

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

For impairment testing, assets are grouped together into the smallest group of assets that generates the cash inflows from continuing use that are largely independent of the cash inflows of other assets or 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 Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

**L. Foreign currency transactions**

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

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

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

Foreign currency gains and losses are reported on a net basis in the statement of profit and loss.

**KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)**  
**Notes to consolidated financial statements (continued)**

**M. Employee benefits**

*Short-term employee benefits*

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

*Defined contribution plans*

The Holding Group makes specified monthly contribution towards employee provident fund to Government administered provident fund scheme, which is a defined contribution scheme. KFin Technologies (Bahrain) W.L.L. (formerly known as Karvy Fintech (Bahrain) W.L.L) contributes to the pension scheme for Bahraini nationals administered by the General Organisation for Social Insurance in the Kingdom of Bahrain. The Group's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

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

*Defined benefit plans*

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

*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 Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

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

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

The expatriate employees of the Subsidiary are paid leaving indemnity in accordance with the provisions of the Bahrain Labour Law for private sector 2012, based on length of service and final salary. Provision for this, which is unfunded, and which represent a defined benefit plan - Employee contribution has been made by calculating the notional liability had all employees left at the reporting date. The provision is classified as a non-current liability in the statement of financial position.

**KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)**  
**Notes to consolidated financial statements (continued)**

**M. 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.

**N. Revenue**

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

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

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

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

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

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

Income from interest on deposits and interest-bearing securities is recognised on a time proportion basis considering 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 Group, and the amount of the dividend can be measured reliably.

**O. Trade receivables**

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

**KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)**  
**Notes to consolidated financial statements (continued)**

**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, considering the risks and uncertainties surrounding the obligation.

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

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

Contingent assets are not recognised in the Consolidated financial 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 Group from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

**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 Group initially recognise financial assets on the date on which they are originated. The Group recognises the financial assets on the trade date, which is the date on which the Group becomes a party to the contractual provision of the instrument.

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

**Classifications and subsequent measurement**

**Classifications**

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

**Business model assessment**

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

**KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)**  
**Notes to consolidated financial statements (continued)**

**Q. Financial instruments (continued)**

**Financial assets**

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

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

**Debt instrument at amortised cost**

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

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

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

**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.

**Reclassification of financial assets**

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

**KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)**  
**Notes to consolidated financial statements (continued)**

**Q. Financial instruments (continued)**

**Financial assets**

**Derecognition of financial assets**

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

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

**Impairment of financial assets**

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

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

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

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

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

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

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

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

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

*Measurement of expected credit losses*

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

**KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)**  
**Notes to consolidated financial statements (continued)**

**Q. Financial instruments (continued)**

**Financial assets**

*Presentation of allowance for expected credit losses in the consolidated balance sheet*

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

*Write-off*

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

**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.

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

**KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)**  
**Notes to consolidated financial statements (continued)**

**Q. Financial instruments (continued)**

**Financial liabilities**

**Derecognition of financial liabilities**

The Group 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').

**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 realise the asset and settle the liability on a net basis or simultaneously.

**Deferred tax**

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

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

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

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



**KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)**  
**Notes to consolidated financial statements (continued)**

**R. Income taxes (continued)**

**Deferred tax (continued)**

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

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

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

**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 Group have been identified as being the Chief operating decision maker by the management of the Group. Refer note 37 for segment information presented.

**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 Group 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.

**KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)**  
**Notes to consolidated financial statements (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 and liabilities incurred or assumed at the date of acquisition, which is the date on which control is transferred to the Group. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition. Transaction cost that the Group incurs in connection with business combination such as finders fees, legal fees, due diligence and other professional fees are charged to equity.

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. 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 consolidated financial statements.

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

## BOARD'S REPORT

To  
 The Members,  
**KFin Technologies Private Limited,**  
 (formerly known as Karvy Fintech Private Limited),  
 Selenium, Tower B,  
 Plot No.31 & 32 Financial District,  
 Nanakramguda, Serilingampally,  
 Hyderabad, Telangana- 500032 India.

Your Company's Directors hereby present the 04<sup>th</sup> Annual Report of your Company, along with the audited financial statements and the auditors' report thereon, for the financial year ended March 31, 2021.

### I. Financial Performance

The standalone and consolidated financial statements for the financial year ended March 31, 2021, forming part of this Annual Report, have been prepared in accordance with the Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs.

Summary of the financial performance of your Company and its subsidiaries for the financial year 2020-21 as presented in the statement of Profit and Loss Account, including other comprehensive income, as part of audited financial statement. A summary is being presented here in below:

(Amount in Rs Lakhs)

Particulars	Standalone		Consolidated	
	FY 2019-20	FY 2020-21	FY 2019-20	FY 2020-21
Revenue from operations	44,058	47,179	44,987	48,114
Other Income	764	469	540	505
<b>Total Income</b>	<b>44,822</b>	<b>47,648</b>	<b>45,527</b>	<b>48,620</b>
Employee Expenses	18,740	18,359	19,398	18,861
Other Expenses	9,584	7,866	9,726	8,014
Depreciation and Amortisation	9,216	9,791	9,221	9,799
Finance Cost	5,324	5,191	5,330	5,195
<b>Total Expenses</b>	<b>42,824</b>	<b>41,207</b>	<b>43,676</b>	<b>41,869</b>
<b>Profit Before Tax</b>	<b>1,957</b>	<b>6,441</b>	<b>1,851</b>	<b>6,751</b>
Tax	-1,370	-13,172	-1,398	-13,201
<b>Profit After Tax</b>	<b>587</b>	<b>-6,731</b>	<b>452</b>	<b>-6,450</b>
Other Comprehensive Income	-127	36	-69	12
<b>Total Comprehensive Income</b>	<b>461</b>	<b>-6,695</b>	<b>383</b>	<b>-6,438</b>

**KFin Technologies Private Limited**

(Formerly known as "Karvy Fintech Private Limited")

Registered & Corporate Office

Selenium Building, Tower-B, Plot No- 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddi, Telangana, India, 500032.

Ph : +91 40 6716 2222, 7961 1000 | <https://www.kfintech.com> | CIN : U72400TG2017PTC117649

- **Statement of Company's Affairs:**

- **Amendment in the terms of the Shareholders' Agreement:** Amendment of certain provisions of the shareholders' agreement dated 3<sup>rd</sup> August, 2017 entered into between the Company and its shareholders. The said amendment to the shareholder's agreement was brought in by executing a supplemental shareholder's agreement on 3<sup>rd</sup> April, 2020.
- **Amendment in the Articles of Association of the Company:** The entire Articles of Association of the Company was restated due to the amendment of Shareholders' Agreement. The said alteration was approved by the members in its Extra-ordinary General Meeting held on 3<sup>rd</sup> April, 2020.
- **Alteration of the objects clause of the Memorandum of Association:** The objects clause of the Memorandum of Association was amended by inserting the clauses pertaining to the insurance repository business and other connected activities. The said amendment was approved by the members in its Extra-ordinary General Meeting held on 3<sup>rd</sup> April, 2020.
- **Initiating proceedings under the Insolvency and Bankruptcy Code, 2016:** There details pertaining to the said point have been provided under the head "*Details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 during the year along with their status as at the end of the financial year*" of this report.

- **Dividend:**

During the financial year under review, the Board of Directors has not declared any dividend.

- **Transfer to Reserves:**

During the financial year under review, the Directors do not propose to transfer any amount to reserves.

- **Subsidiary Companies:**

Your directors wish to inform you that as on March 31, 2021, the Company has three wholly owned subsidiaries, namely, (i) KFin Technologies (Bahrain) WLL, (Formerly known as Karvy Fintech (Bahrain) WLL, Bahrain) (ii) KFin Technologies (Malaysia) Sendirian Berhad, Malaysia (Formerly known as Karvy Fintech Malaysia) Sendirian Berhad) and (iii) KFin Services Private Limited.

During the financial year under review, the Board of Directors reviewed the affairs of the subsidiaries. In accordance with section 129(3) of the Companies Act, 2013, the Company has prepared its consolidated financial statements and the

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same forms part of the Annual Report of the Company. Further details of the subsidiaries and highlights of performance of subsidiary companies and their contribution to the overall performance of the Company are attached with this Report as **Annexure-I**.

The salient features of the subsidiaries are provided in Form AOC-1 and the same is attached herewith as **Annexure-II**.

- **Name of the Companies which have become or ceased to be its subsidiaries, joint ventures/ associate companies during the year:**

During the financial year under review no companies have ceased to be subsidiaries of the Company. Further the Company does not have any Joint Venture or Associate Company.

- **Share Capital:**

The paid-up equity share capital of the Company as at March 31, 2021 stood at INR 150,84,35,830 (Rupees One Hundred Fifty Crore Eighty-Four Lakhs Thirty-Five Thousand Eight Hundred and Thirty) consisting of 15,08,43,583 full paid up equity shares of INR 10 each. During the year under review, the Company has not issued shares with differential voting rights and sweat equity shares.

- **Details of Employee Stock Options Scheme:**

The members of the Company at the General Meeting held on 31<sup>st</sup> July, 2019 had approved a KFPL Employee Stock Option Plan 2019 toward granting 95,93,839 units (Ninety five lakh ninety three thousand eight hundred thirty nine only) equivalent to 95,93,839 (Ninety five lakh ninety three thousand eight hundred thirty nine only) equity shares. The Company had then notified the following schemes under the aforementioned plan:

- KFPL Employees Stock Option Plan 2019 – Scheme A
- KFPL Employees Stock Option Plan 2019 – Scheme B
- KFPL Employees Stock Option Plan 2019 – Scheme C

Further, pursuant to the name change of the Company from Karvy Fintech Private Limited to KFin Technologies Private Limited, the names of existing ESOP Plan and ESOP schemes were also changed by the members of the Company at their Extraordinary general meeting held on 20<sup>th</sup> October, 2020 as under:

Particulars	Original names	New names
ESOP Plan	Karvy Fintech Private Limited ('KFPL')	KFin Technologies Private Limited ('KFin')
	KFPL Employee Stock Option	KFin Employee Stock Option

## KFin Technologies Private Limited

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Registered & Corporate Office

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	Plan 2019	Plan 2020
ESOP - Scheme A	KFPL Employees Stock Option Plan 2019 - Scheme A ("Scheme") (Notified under Clause 4 of the KFPL Employee Stock Option Plan 2019 ("Plan"))	KFin Employees Stock Option Plan 2020 - Scheme A ("Scheme") (Notified under Clause 4 of the KFin Employee Stock Option Plan 2020 ("Plan"))
ESOP - Scheme B	KFPL Employees Stock Option Plan 2019 - Scheme B ("Scheme") (Notified under Clause 4 of the KFPL Employee Stock Option Plan 2019 ("Plan"))	KFin Employees Stock Option Plan 2020 - Scheme B ("Scheme") (Notified under Clause 4 of the KFin Employee Stock Option Plan 2020 ("Plan"))
ESOP - Scheme C	KFPL Employees Stock Option Plan 2019 - Scheme C ("Scheme") (Notified under Clause 4 of the KFPL Employee Stock Option Plan 2019 ("Plan"))	KFin Employees Stock Option Plan 2020 - Scheme C ("Scheme") (Notified under Clause 4 of the KFin Employee Stock Option Plan 2020 ("Plan"))

Further, on the recommendation of NRC and Board for the future options, the excess 25,00,000 options were extinguished/reduced/cancelled from the ESOP pool by the members of the Company at their Extraordinary general meeting held on 20<sup>th</sup> October, 2020, in order to increase the diluted EPS of the Company and the overall value per share.

**I. Following are the details of the KFin Employees Stock Option Plan 2020 - Scheme A":**

Sr. No.	Particulars	Description
a)	Options granted (08 <sup>th</sup> August, 2019, 13 <sup>th</sup> January, 2020, 08 <sup>th</sup> September, 2020 and 29 <sup>th</sup> December, 2020)-Net off forfeited shares	10,66,691
b)	Options vested	
	Vesting date-08.08.2020	1,56,346
	Vesting date-07.08.2020	7,757
c)	Options exercised	N.A.
d)	the total number of shares arising as a result of exercise of option;	N.A.
e)	options lapsed	N.A.
f)	the exercise price	
	For 1 <sup>st</sup> Grant	Rs. 70.36/- per option

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	For 2 <sup>nd</sup> Grant	Rs. 70.36/- per option
	For 3 <sup>rd</sup> Grant	Rs. 91.98/- per option
	For 4 <sup>th</sup> Grant	Rs. 110/- per option
g)	variation of terms of options	N.A.
h)	money realized by exercise of options	N.A.
i)	total number of options in force (Balance in pool available for grant as on 31.03.2021 for all Schemes-A, B and C )	44,27,111
j)	employee wise details of options granted to:-	
i.	Key managerial personnel (As per section 2(51) of the Companies Act, 2013 Whole time Director/CEO, CFO and Company Secretary were considered as KMP)	2,79,280
ii.	Any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year.	N.A.
iii.	Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant;	N.A.

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**II. Following are the details of the KFin Employees Stock Option Plan 2020 – Scheme B’:**

Sr. No.	Particulars	Description
a)	Options granted (08 <sup>th</sup> August, 2019, 13 <sup>th</sup> January, 2020, 08 <sup>th</sup> September, 2020 and 29 <sup>th</sup> December, 2020)- Net off forfeited shares	8,00,019
b)	Options vested	N.A.
c)	Options exercised	N.A.
d)	the total number of shares arising as a result of exercise of option;	N.A.
e)	options lapsed	N.A.
f)	the exercise price	
	For 1 <sup>st</sup> Grant	Rs. 70.36/- per option
	For 2 <sup>nd</sup> Grant	Rs. 70.36/- per option
	For 3 <sup>rd</sup> Grant	Rs. 91.98/- per option
	For 4 <sup>th</sup> Grant	Rs. 110/- per option
g)	variation of terms of options	N.A.
h)	money realized by exercise of options	N.A.
i)	total number of options in force (Balance in pool available for grant as on 31.03.2021 for all Schemes-A, B and C )	44,27,111
j)	employee wise details of options granted to:-	
i.	Key managerial personnel (As per section 2(51) of the Companies Act, 2013 Whole time Director/CEO, CFO and Company Secretary were considered as KMP)	2,09,460
ii.	Any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year.	N.A.
iii.	Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant;	N.A.

**III. Following are the details of the KFin Employees Stock Option Plan 2020 – Scheme C’:**

Sr. No.	Particulars	Description
a)	Options granted (08 <sup>th</sup> August, 2019, 13 <sup>th</sup> January, 2020, 08 <sup>th</sup> September, 2020 and 29 <sup>th</sup> December, 2020)- Net off forfeited shares	8,00,019

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b)	Options vested	N.A.
c)	Options exercised	N.A.
d)	the total number of shares arising as a result of exercise of option;	N.A.
e)	options lapsed	N.A.
f)	the exercise price	
	For 1 <sup>st</sup> Grant	Rs. 70.36/- per option
	For 2 <sup>nd</sup> Grant	Rs. 70.36/- per option
	For 3 <sup>rd</sup> Grant	Rs. 91.98/- per option
	For 4 <sup>th</sup> Grant	Rs. 110/- per option
g)	variation of terms of options	N.A.
h)	money realized by exercise of options	N.A.
i)	total number of options in force <i>(Balance in pool available for grant as on 31.03.2021 for all Schemes-A,B and C )</i>	44,27,111
j)	employee wise details of options granted to:-	
i.	Key managerial personnel <i>(As per section 2(51) of the Companies Act, 2013 Whole time Director/CEO, CFO and Company Secretary were considered as KMP)</i>	2,09,460
ii.	Any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year.	N.A.
iii.	Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant;	N.A.

- **Listing of Debentures:**

During the financial year 2020-21, your company has not issued any fully or partly convertible or non-convertible debentures.

The outstanding amount of non-convertible debentures is INR 352 Crores

The details of the debenture trustee are as follows:

IDBI Trusteeship Services Limited Asian Building, Ground floor, 17, R Kamani Marg, Ballard Estate, Mumbai 400001; Tel: +91 0224080 7000; Fax: 022 63311776, Contact Person: Mr. Vaibhav Palande.

- **Credit Rating:**

Your Company has obtained credit rating from ICRA Limited for its Non-Convertible Debentures, which are as under:

*Rated, Listed, Redeemable, Non-convertible Debentures-[ICRA] AA-*

- **Particulars of loans, Advances, Guarantees and Investments:**

Pursuant to Section 186 of Companies Act, 2013, the disclosure on particulars relating to loans, advances, guarantees and investments are provided as part of the financial statements.

- **Deposits:**

Your Company has not accepted any deposits from public and as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

- **Risk Management Policy:**

Your company had developed and implemented Enterprise Risk Management Policy including identification of key risk elements which may threaten the existence of the Company. The implementation is periodically reviewed by the Audit Committee of the Board. During the year under review, in view of the renewed compliance focus in the company and the increased volume of transaction in the company, the Audit Committee has constituted its sub-committee namely "Sub-committee for Operational Risk and Compliance" for further institutionalizing risk and compliance management across business lines and organisational functions of the company.

- **Events Subsequent to the Date of the Financial Statements:**

Your company has made an investment in KFin Services Private Limited (wholly owned subsidiary of the Company) on 6<sup>th</sup> April 2021 towards the right issue opened by KFin Services Private Limited on 6<sup>th</sup> April 2021 (date of opening the rights issue). The investment made amounted to Rs. 4,50,00,000/- (Rupees Four Crores fifty Lakhs only)

During the year under review, the Company had filed an Application/Petition before the Hon'ble National Company Law Tribunal, Bengaluru Bench at Bengaluru ('Hon'ble Tribunal') under Section 9 of the Insolvency and Bankruptcy Code, 2016 against ITI Limited for non-payment of Rs. 10,87,43,944 due towards the Company for the services rendered by the Company. The said Application/Petition was listed before the Hon'ble Tribunal for hearing on 2<sup>nd</sup>

March, 2021, 12<sup>th</sup> March, 2021 and 9<sup>th</sup> April, 2021. As on the present date, ITI Limited had agreed to settle the dues of the Company and paid the first two instalments towards settlement on 8<sup>th</sup> April, 2021 and 07<sup>th</sup> May, 2021 respectively aggregating to Rs. 4,50,00,000.

Apart from above, there were no material changes and commitments affecting the financial position of the Company between the end of financial year 31<sup>st</sup> March, 2021 and the date of this report.

- **Change in the nature of business:**

During the Financial year 2020-2021 the company has not changed its nature of business. However during the financial year under review your company altered the Object clause of Memorandum of Association and inserted clause (5) to (7) in Clause 3(a) of object clause, inserted clause (5) to (12) in Clause 3(b) of object clause by passing Special resolution in an Extra-ordinary general meeting dated 03<sup>rd</sup> April, 2020 towards expanding its business to act as an insurance repository of e-insurance policies issued by insurers, whether life insurers or general insurers, and to undertake their changes, modifications and revisions based on such requests by policyholders, in accordance with rules and regulations as may be prescribed by the Insurance Regulatory and Development Authority's (IRDA) and, to implement any other short/long term projects that fortify the vision of IRDA including consulting, development and support activities. However, the Company has not taken up or commenced any such business activity.

#### IV. Business

- **Overview of Operations - Particulars and Developments/ Outlook:**

- a. Your Company has been consistently delivering best in class service to its clients with SLA adherence of more than 99% across business units.
- b. Your company adapted the new way of working very swiftly amidst an unprecedented global pandemic and were able to seamlessly deliver to our clients with zero disruptions.
- c. New digital assets such as KboltGo, RWAP, eAGM and Whatsapp based transactions were launched and multilingual option in the investor App was introduced to enhance investor experience backed by tech enabled initiatives to create delight in client servicing and reporting. Your Company continued to increase digital participation in the marketplace to handle large transaction volumes which also supported our clients and the investor community in a big way during the ongoing pandemic.
- d. Your Company has been able to deliver on the operations as well as capitalize on the Mutual Fund AAUM growth of its portfolio AMCs.

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Average AUM per folio under equity witnessed a healthy growth year on year.

- e. The AIF and Corporate Registry businesses continue to grow, and your Company is well placed in these businesses to leverage the benefits of growth.
- f. New clients and subscribers were acquired in NPS including our first win of a State Government.
- g. Expansion and investments in Southeast Asian / ASEAN markets continue to do well and your Company is growing its engagement with clients for future business growth.

- **Acquisitions, Investments and Divestments:**

Your Company has invested Rs. 4,00,00,000/- in InsurTech startup, Artivatic.ai through its wholly owned subsidiary company – Kfin Services Private Limited. This partnership will help KFinTech venture into the Insurtech space as the firm looks to diversify beyond offering Registry services to Mutual Funds, Corporate, Pensions amongst other asset classes. Artivatic.ai will utilise the funding to broaden the product portfolio, explore new business horizons and expand its footprint across India and South East Asia with the help of KFinTech.

## V. Governance and Ethics

- **Corporate Governance:**

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

### Board of Directors

- **Board's Composition and Independence:**

Your Company recognizes and embraces the importance of a diverse Board for its success. As on March 31, 2021, the Board comprised of One Executive Director and Seven Non-Executive Directors including three Independent Directors one of whom is Woman Director.

- **Number of Meetings of the Board:**

The Board met Nine times during the financial year 2020-21, namely, on 03<sup>rd</sup> April 2020, 02<sup>nd</sup> June 2020, 12<sup>th</sup> June 2020, 19<sup>th</sup> August 2020, 09<sup>th</sup> September 2020, 22<sup>nd</sup>

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October 2020, 06<sup>th</sup> November 2020, 26<sup>th</sup> November 2020 and 05<sup>th</sup> March 2021. The maximum interval between any two meetings did not exceed 120 days.

At each of the Board meetings held during the financial year 2020-21, all the Directors as of that date were present at the meeting either in person or through video conference.

- **Appointment of Directors and Key Managerial Personnel:**

Following appointments were made during the year under report:

- Mr. Prashant Saran was appointed as Additional Director (Non-Executive Independent Director) with effect from May 26, 2020. Later his appointment was regularised in the 03<sup>rd</sup> Annual General Meeting held on July 06, 2020
- Mr. Venkata Satya Naga Sreekanth Nadella was appointed as Additional Director (Whole-Time Director and Chief Executive Officer) with effect from June 12, 2020. Later his appointment was regularised in the 03<sup>rd</sup> Annual General Meeting held on July 06, 2020.
- Mr. Srinivas Peddada was appointed as Additional Director with effect from July 02, 2020. His office as an Additional Director ceased as on the date of 3<sup>rd</sup> Annual General Meeting. Later he was again appointed as Additional Director of the Company with effect from July 07, 2020.
- Ms. Alpana Uttam Kundu was appointed as Company Secretary with effect from August 19, 2020.

- **Retirements and Resignations:**

- Mr. Ganesh Venkatachalam resigned as Managing Director and Chief Executive Officer of the Company with effect from June 12, 2020.
- Mr. Vishesh Tayal, Additional Director of the Company resigned from the Board with effect from July 1, 2020.
- The office of Mr. Srinivas Peddada as the Additional Director of the Company ceased with effect from July 06, 2020.

- **Committees of the Board:**

The Company's Board has, following committees:

**1. Audit Committee:**

Audit Committee was constituted on February 5, 2019. During the financial year 2020-21 the committee met **six** times namely on 02<sup>nd</sup> June 2020, 07<sup>th</sup>

September 2020, 22<sup>nd</sup> October 2020, 03<sup>rd</sup> November 2020, 26<sup>th</sup> November 2020 and 02<sup>nd</sup> March 2021.

## 2. IT Strategy Committee:

IT Strategy Committee was constituted on February 5, 2019. During the financial year 2020-21 the committee met **five** times namely on 24<sup>th</sup> April 2020, 02<sup>nd</sup> June 2020, 07<sup>th</sup> September 2020, 03<sup>rd</sup> November 2020 and 02<sup>nd</sup> March 2021.

## 3. Business Development and Strategy Committee:

The Pricing and M & A Committee was constituted on February 21, 2019. However, the Committee has been renamed as Business Development and Strategy Committee on 21<sup>st</sup> September, 2020. During the financial year 2020-21 the committee met **four** times namely on 02<sup>nd</sup> June 2020, 08<sup>th</sup> September 2020, 03<sup>rd</sup> November 2020 and 02<sup>nd</sup> March 2021.

## 4. Nomination and Remuneration Committee:

Nomination and Remuneration Committee was constituted on February 5, 2019. During the financial year 2020-21 the committee met **six** times namely on 02<sup>nd</sup> June 2020, 12<sup>th</sup> June, 2020 19<sup>th</sup> August 2020, 08<sup>th</sup> September 2020, 04<sup>th</sup> November 2020 and 03<sup>rd</sup> March 2021.

## 5. Corporate Social Responsibility (CSR) Committee:

Corporate Social Responsibility Committee was constituted on February 5, 2019. During the financial year 2020-21 the committee met **four** times namely on 02<sup>nd</sup> June 2020, 08<sup>th</sup> September 2020, 04<sup>th</sup> November 2020 and 03<sup>rd</sup> March 2021.

Composition/members of the Committees as on the end of the financial year 31<sup>st</sup> March, 2021 is presented below:

S. No	Names of Directors	Audit Committee	IT Strategy Committee	Business Development and Strategy Committee	Nomination and Remuneration Committee	Corporate Social Responsibility Committee
1.	Kaushik Mazumdar	Chairperson	Member*	-	Member	-
2.	Sandeep Achyut Naik	-	-	-	Member	Member
3.	Vishwanathan Mavila Nair	-	-	Member	-	-
4.	Sonu Halan	Member	-	-	Chairperson	Chairperson

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	Bhasin					
5.	Shantanu Rastogi	Member	.*	<b>Chairperson</b>	-	-
6.	Venkata Satya Naga Sreekanth Nadella	-	Member	Member	-	-
7.	Prashant Saran	Member	-	-	-	Member
8.	Srinivas Peddada	-	<b>Chairperson*</b>	Member*	-	-

\* The Board of Directors through resolution by circulation (CR-26 for 2020/2021) has reconstituted IT Strategy Committee and Business Development & Strategy Committee.

- **Corporate Social Responsibility (CSR) Initiatives:**

The Board of Directors had constituted a Corporate Social Responsibility (CSR) Committee of the Board with effect from February 05, 2019 in line with the provisions under Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules 2014.

As per approved CSR Policy, the Committee monitors the implementation of the framework of the CSR Policy and recommends the amount to be spent on CSR activities.

The CSR Policy of the Company can be accessed on the website of the Company and weblink of the same is

[https://www.kfintech.com/wpcontent/uploads/2021/03/KFintech\\_Corporate-Social-ResponsibilitiesPolicy.pdf](https://www.kfintech.com/wpcontent/uploads/2021/03/KFintech_Corporate-Social-ResponsibilitiesPolicy.pdf)

The annual report on CSR initiatives, in the form prescribed by The Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, is attached to this report, as **Annexure-III**.

- **Policy on Director's appointment and remuneration:**

The policy of the Company on directors' appointment and remuneration, including the criteria for determining qualifications, positive attributes, independence of a director and other matters, as required under sub-section (3) of Section 178 of the Companies Act, 2013, is in place. The remuneration paid to the Directors is as per the terms laid out in the Remuneration Policy of the Company.

The Remuneration Policy of the Company can be accessed on the website of the Company and weblink of the same is

<https://www.kfintech.com/wp-content/uploads/2020/12/KFintech-Remuneration-Policy-1.pdf>

- **Opinion of the Board on the Independent Directors:**

According to the Board the Independent Director appointed during the year possesses qualifications such as integrity, expertise and experience (including the proficiency).

- **Declaration by Independent Directors:**

The Company has received necessary declaration from each of the Independent Directors under Section 149(7) of the Companies Act, 2013 and that he / she meets the criteria of independence laid down in section 149(6) of the Companies Act, 2013.

- **Directors' responsibility statement:**

The Board hereby confirm that:

- in preparation of the annual accounts for the financial year ended March 31<sup>st</sup> 2021, the applicable Indian Accounting Standards have been followed along with proper explanation relating to material departures;
- they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- they have taken proper and sufficient care towards the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- they have prepared the annual accounts on a going concern basis;
- they have laid down internal financial controls, which are adequate and are operating effectively;
- they have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

- **Annual Return:**

As required, pursuant to section 92(3) of the Companies Act, 2013, every company shall place a copy of the annual return on the website of the company, if any, and the web-link of such annual return shall be disclosed in this report.

Since the Company has a website, annual return shall be placed on the website of the company and the web link of the same is

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<https://www.kfintech.com/disclosures>

- **Particulars of Employees:**

The particulars of employees pursuant to Rule 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial) Rules 2014 are given in the Annexure-IV.

- **Related Party Transactions:**

The particulars of Contracts or Arrangements made with related parties, pursuant to Section 188 and Form No AOC-2, are furnished in Annexure V and attached with this report.

The disclosure pursuant to Regulation 53(f) r/w Part A of Schedule V of SEBI (Listing obligations and disclosure requirements) Regulations, 2015, as amended from time to time are furnished in Annexure VI and attached with this report.

- **Payment of Remuneration to Directors:**

- **Managerial Remuneration:**

Sr. No.	Requirements	Disclosure
I	The ratio of the remuneration of each director to the median remuneration of the employees for the financial year	During the year, remuneration is paid to Mr. V. Ganesh till 12th June 2020 and to Mr Sreekanth Nadella from 12th June 2020 to 31st March 2021. Ratio of his remuneration to the median remuneration of the employees is 1 : 90. Ratio of his remuneration to the average remuneration of the employees is 1 : 56
II	The percentage increase in remuneration of each director, CEO, CFO and CS in the financial year	Managing Director & CEO- Nil
III	The percentage increase in the median remuneration of employees in the financial year	4.8%
IV	The number of permanent employees on the rolls of the Company.	There were 4,873 permanent employees as on March 31, 2021
V	Average percentile increase already made in the salaries of employees other than the	Not Applicable

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Sr. No.	Requirements	Disclosure
	managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	
VI	Affirmation that the remuneration is as per the remuneration policy of the Company.	The Company affirms remuneration is as per the Remuneration Policy of the Company

- **Board Evaluation:**

The Board evaluation framework has been designed in compliance with the requirements under the Companies Act, 2013 and in consonance with Guidance Note on Board Evaluation issued by SEBI in January 2017. During the year, the Board carried out an annual evaluation of its own performance, board's committees and individual directors pursuant to the provisions of the Act. Based on the recommendation of the Nomination & Remuneration Committee, the Board laid down the criteria for evaluation. This exercise was carried out through a structured questionnaire prepared separately for the Board, Committees, Chairperson of the Board and individual Directors. The questionnaires were uploaded at the online tool for the Board members to carry out the Evaluation for the financial year ending 31st March 2021.

The Company has received all the evaluation reports on 30th April, 2021. All the evaluation reports were further submitted to the Chairperson of the Board. The evaluation report of the Chairperson of the Board was submitted to the Chairperson of Nomination and Remuneration Committee.

As an outcome of the evaluation, it was noted that the Board as a whole has a composition that is diverse in experience and perspective and fosters lively and constructive debates. The discussion quality is robust, well intended and leads to clear direction and decision.

It was noted that the Board Committees functions professionally and smoothly and besides the Board Committee's terms of reference as mandated by law, important issues are brought up and discussed in the respective Board Committees.

## VI. Internal Financial Controls and Audit

- **Internal financial control and its adequacy:**

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

- a) Your Directors, report that your Company has adequate internal controls commensurate with its size and nature of operations. There are suitable monitoring procedures in place to provide reasonable assurance for accuracy and timely reporting of the financial information and compliance with the statutory requirements. There are proper policies, guidelines and delegation of power issued for compliance across the Company.
- b) For the purpose of ensuring accuracy in the preparation of the financials, your Company has implemented various checks and balances like periodic reconciliation of major accounts, review of accounts, obtaining confirmation of various balances and proper approval mechanism. There is proper reconciliation of the transactions captured to ensure the accuracy and completeness of the transaction posted in financial accounting. In order to ensure robust internal control systems, regular internal audits are conducted by the central internal audit division.
- c) Your Company has documented all major processes in the area of revenue, expenses, bank transactions, payments, statutory compliances and period end financial accounting processes. Your company is continuously putting its efforts to align the processes and controls with the best practices in the industry.

The Audit Committee of the Board and the Board of Directors, periodically review the important matters and finding of the internal audit division and monitor the compliance of the internal controls system.

- **Statutory Auditors:**

Your directors inform that M/s B S R & Associates LLP, Chartered Accountants, having ICAI firm registration no. 116231W/W-100024, were appointed as Statutory Auditors of the Company from financial year 2019-20 till financial year 2022-23 and that they shall hold office till the conclusion of the Annual General Meeting of the Company to be held for financial year 2022-23.

- **Audit Reports:**

The Auditors' Report for the financial year 2020-21 does not contain any qualification, reservation or adverse remark. The Auditors' Report is enclosed with the financial statements in this Annual Report.

Pursuant to provisions of Section 143(12) of the Companies Act, 2013, the Statutory Auditors have not reported any incident of fraud to the Audit Committee during the year under review.

- **Secretarial Audit and Secretarial Auditor's Report:**

As required under Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/S D V Rao & Associates, Practicing Company secretary, as Secretarial Auditor of the company for the financial year 2020-21. The Report of the Secretarial Audit in Form MR-3 for the financial year ended March 31, 2021 is enclosed as **Annexure VII** to this Report. There are no qualifications, reservations or adverse remarks made by the Secretarial Auditor in his report.

- **Secretarial Standards:**

Your company has followed the secretarial standards with respect to General and Board meetings issued by the Institute of Company Secretaries of India and approved as such by the Central Government, pursuant to Section 118(10) of the Companies Act, 2013.

## VII. Other Disclosures

- **Conservation of Energy, Technology Absorption and Foreign Exchange Earning & Outgo:**

### A. Conservation of Energy:

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

(i)	the steps taken or impact on conservation of energy	Company's operation does not consume significant amount of energy.
(ii)	the steps taken by the company for utilizing alternate sources of energy.	Not applicable, in view of comments in clause (i)
(iii)	the capital investment on energy conservation equipment's	Not applicable, in view of comments in clause (i)

### B. Technology Absorption, Adaptation and Innovation: Not Applicable

(i)	the effort made towards technology absorption	Not applicable
(ii)	the benefits derived like product improvement cost reduction product development or import substitution	Not applicable

(iii)	in case of imported technology (important during the last three years reckoned from the beginning of the financial year)	Not applicable
	(a) the details of technology imported	
	(b) the year of import;	
	(c) whether the technology been fully absorbed	
(iv)	(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	Not applicable
	the expenditure incurred on Research and Development	

### C. Foreign Exchange Earning and Outgo: (In lakhs)

	FY 2020-2021	FY 2019-2020
Inflow	5,908	4,224
Outflows	120	125.99

- Contribution to the 'Go-green' initiative:**

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

- Education, training and quality assessment:**

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

- Details of significant material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future:**

No significant and material orders have been passed by the Regulators or Courts or Tribunals impacting the going concern status and company's operations in future.

- Vigil Mechanism:**

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

prohibited discrimination, retaliation or harassment of any kind against any employees who, based on the employee's reasonable belief that such conduct or practice have occurred or are occurring, reports that information or participates in the investigation. The Policy is appropriately communicated within the Company across all levels. The said policy has been placed on the website of the Company.

- **The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

Pursuant to Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, ("**the Act**") every organization to include in their Annual Report the number of cases filed and their disposal under the Act.

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

The Company has complied with provisions relating to the Internal Complaints Committee (ICC) pursuant to the Act to redress complaints received regarding sexual harassment. The constitution of Internal Complaints Committee (ICC) is as follows:

The Company has in place a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at workplace in line with the requirements of the Act.

The Policy has set forth the guidelines on the redressal and enquiry process that is to be followed by complainants and the ICC, whilst dealing with issues related to sexual harassment at the workplace towards any women employees. All women employees (*permanent, temporary, contractual and trainees*) are covered under this policy. All employees are treated with dignity, with a view to maintain a work environment free of sexual harassment whether physical, verbal or psychological.

As required under the Act, the following is the summary of sexual harassment during the financial year 2020-21:

S. No.	Particulars	Remarks
1.	Number of sexual harassment complaints received in a year.	NIL
2.	Number of complaints disposed off during the year.	NIL
3.	Number of cases pending for more than 90 days.	NIL
4.	Number of awareness programs or workshops against sexual harassment conducted during the year.	1. One Virtual Session for the committee members 2. Created eLearning Module for POSH, We made it mandatory for all the new joined & All employees. 2139 Employees have already completed the course
5.	Nature of action taken by the employer or district officer with respect to the cases.	NIL

- Maintenance of cost accounts and records as specified by the Central Government:**

The Company does not fall under the category of Sec 148(1) of Companies Act, 2013 and hence such disclosure and maintenance of cost accounts/cost records is not applicable.

- Details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 during the year along with their status as at the end of the financial year:**

During the year under review, the Company had filed an Application/Petition before the Hon'ble National Company Law Tribunal, Bengaluru Bench at Bengaluru ('Hon'ble Tribunal') under Section 9 of the Insolvency and Bankruptcy Code, 2016 against ITI Limited for non-payment of Rs. 10,87,43,944 due towards the Company for the services rendered by the Company. The said Application/Petition was listed before the Hon'ble Tribunal for hearing on 2<sup>nd</sup> March, 2021, 12<sup>th</sup> March, 2021 and 9<sup>th</sup> April, 2021. As on the present date, ITI Limited had agreed to settle the dues of the Company and paid the first two

instalments towards settlement on 8<sup>th</sup> April, 2021 and 07<sup>th</sup> May, 2021 respectively aggregating to Rs. 4,50,00,000/-.

- **Details of difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof:**

No such instance has occurred during the financial 2020-2021.

- **Acknowledgements:**

Your Directors wish to express their immense gratitude to the Company's bankers, managers, vendors, clients and investors for their co-operation and for the confidence reposed in the Company and look forward to their continued support. Your Directors place on record their deep sense of appreciation and gratitude to the employees at all levels, and more specifically, to the senior management team of the Company for their unstinted support, during the year under review. Your Directors further express their gratitude to the Central, various State Governments and Government agencies for imposing faith in the Company and awarding various projects.

**For and on behalf of the Board of Directors  
KFin Technologies Private Limited  
(formerly known as Karvy Fintech Private Limited)**

Digitally signed by  
VISHWANATHA VISHWANATHAN MAVILA  
NAIR  
N MAVILA NAIR Date: 2021.06.24 16:38:17  
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**Vishwanathan Mavila Nair**  
Director & Chairman of the Board  
DIN: 02284165

Place: Mumbai  
Date: 24.06.2021

Digitally signed by VENKATA SATYA NAGA SREEKANTH  
NADELLA  
Date: 2021.06.24 16:38:17  
+05'30'

**Venkata Satya Naga Sreekanth Nadella**  
Whole time Director & CEO  
DIN: 08659728

Place: Hyderabad  
Date: 24.06.2021



## Highlights of performance of subsidiary companies and their contribution to the overall performance of the Company

### A. KFin Technologies (Bahrain) WLL, Bahrain (Formerly known as Karvy Fintech (Bahrain) WLL, Bahrain):

KFin Technologies (Bahrain) WLL, Bahrain (“KFintech Bahrain”) (Formerly known as Karvy Fintech (Bahrain) WLL) was incorporated in the Kingdom of Bahrain. KFintech Bahrain is a wholly owned subsidiary of the Company with effect from November 17, 2018.

KFintech Bahrain is registrar and paying agent for several issuer companies in Bahrain. The company also managed few Fund Accounting and Administration mandates.

Financial highlights of KFintech Bahrain is given below:

	Amount in Rs Lakh	Amount in Rs Lakh
Particulars	FY 2019-20	FY 2020-21
I. Revenue from operations	448.08	419.42
II. Other income	28.33	36.22
<b>III. Total Income (I+II)</b>	<b>476.40</b>	<b>455.64</b>
<b>IV. Expenses</b>		
Employee benefits expense	389.23	251.25
Depreciation and amortisation expense	24.44	24.95
Other expenses	55.05	44.23
<b>Total expenses (IV)</b>	<b>468.72</b>	<b>320.43</b>
<b>V. Profit before tax ( III-IV )</b>	<b>7.68</b>	<b>135.21</b>
<b>VI. Tax expense:</b>	-	-
<b>VII. Profit for the year / period ( V-VI )</b>	<b>7.68</b>	<b>135.21</b>

### B. KFin Technologies (Malaysia) Sendirian Berhad (formerly known as Karvy Fintech (Malaysia) Sdn. Bhd., Malaysia):

KFin Technologies (Malaysia) Sendirian Berhad (“KFintech Malaysia”)(formerly known as Karvy Fintech (Malaysia) Sdn. Bhd., Malaysia) was incorporated in the Malaysia. KFintech Malaysia became the wholly owned subsidiary of the Company with effect from November 17, 2018.

KFin Technologies Private Limited

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Registered & Corporate Office

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Ph : +91 40 6716 2222, 7961 1000 | <https://www.kfintech.com> | CIN : U72400TG2017PTC117649

KFintech Malaysia is principally engaged in the business of carrying out transfer agency, back office services outsourced by market intermediaries and fund managers. There have been no significant changes in the nature of these activities during the financial year.

Financial highlights of KFintech Malaysia is given below:

Particulars	Amount in Rs Lakh	
	FY 2019-20	FY 2020-21
I. Revenue from operations	1120.99	1609.31
II. Other income	2.18	-
<b>III. Total Income (I+II)</b>	<b>1,123.17</b>	<b>1609.31</b>
<b>IV. Expenses</b>		
Employee benefits expense	272.53	250.67
Depreciation and amortisation expense	34.09	34.14
Other expenses	726.50	1,204.29
<b>Total expenses (IV)</b>	<b>1033.12</b>	<b>1489.10</b>
<b>V. Profit before tax ( III-IV )</b>	<b>90.04</b>	<b>120.21</b>
<b>VI. Tax expense:</b>	<b>28.41</b>	<b>29.16</b>
<b>VII. Profit for the year/ period ( V-VI )</b>	<b>61.63</b>	<b>91.05</b>

### C. KFin Services Private Limited:

KFin Services Private Limited was incorporated on 6<sup>th</sup> January 2020 to provide various services including services of KYC registration agency and other consultancy and advisory related services. The first financial year of the company is ended 31st March 2021. KFin Services Private Limited is yet to commence its business and its Financial highlights are as follows:

Particulars	Amount in Rs Lakh
	For the period from 06.01.2020 to 31.03.2021
I. Revenue from operations	-
II. Other income	-
<b>III. Total Income (I+II)</b>	<b>-</b>
<b>IV. Expenses</b>	
Employee benefits expense	-
Depreciation and amortisation expense	-
Other expenses	3.06

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<b>Total expenses (IV)</b>	<b>3.06</b>
<b>V. Profit before tax ( III-IV )</b>	<b>(3.06)</b>
<b>VI. Tax expense:</b>	<b>-</b>
<b>VII. Profit for the year/ period ( V-VI )</b>	<b>(3.06)</b>

**For and on behalf of the Board of Directors  
KFin Technologies Private Limited  
(formerly known as Karvy Fintech Private Limited)**

**VISHWANATHAN MAVILA NAIR**  
Digitally signed by  
VISHWANATHAN  
MAVILA NAIR  
Date: 2021.06.24  
16:58:20 +05'30'

**Vishwanathan Mavila Nair**  
Director & Chairman of the Board  
DIN: 02284165

Place: Mumbai  
Date: 24.06.2021

**VENKATA SATYA NAGA SREEKANTH NADELLA**  
Digitally signed by VENKATA SATYA NAGA SREEKANTH  
NADELLA  
DN: c=IN, o=KFIN TECHNOLOGIES PVT LTD, ou,  
postalCode=500032, st=Telangana,  
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F964434CBCEFF11CE8A0D7BAEF9,  
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serialNumber=F3D16ADA0E0BE288482C47CBA7811A1C  
C5F035D1ED2AD8B8AFA481635C52A3, cn=VENKATA  
SATYA NAGA SREEKANTH NADELLA  
Date: 2021.06.24 16:11:37 +05'30'

**Venkata Satya Naga Sreekanth Nadella**  
Whole time Director & CEO  
DIN: 08659728

Place: Hyderabad  
Date: 24.06.2021

**KFin Technologies Private Limited**  
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**Annexure II**

**FORM NO. AOC 1**

*(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)*

**Statement containing salient features of the Financial Statement of Subsidiaries/  
Associate companies/ Joint Ventures.**

**Part "A": Subsidiaries**

**(Information in respect of each subsidiary to be presented with  
amounts in Rs. Lakhs)**

Sl. No.	1
Name of the subsidiary	KFin Technologies(Bahrain) WLL (formerly known as Karvy Fintech (Bahrain)) WLL
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	April'20-March'21
Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	<b>Currency- BHD</b> <b>Exchange Rate P&amp;L-197.16</b> <b>Exchange Rate BS- 194.59</b>
Share capital	<b>76.99</b>
Reserves & surplus	<b>556.06</b>
Total assets	<b>759.27</b>
Total Liabilities	<b>126.22</b>
Investments	-
Turnover	<b>419.42</b>
Profit before taxation	<b>135.21</b>
Provision for taxation	-
Profit after taxation	-
Proposed Dividend	-
% of shareholding	<b>100%</b>

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Sl. No.	2
Name of the subsidiary	KFin Technologies (Malaysia) Sendirian Berhad (formerly known as Karvy Fintech (Malaysia) Sdn. Bhd., Malaysia)
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	April'20-March'21
Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	<b>Currency- MYR</b> <b>Exchange Rate P&amp;L-17.81</b> <b>Exchange Rate BS- 17.66</b>
Share capital	<b>166.06</b>
Reserves & surplus	<b>180.03</b>
Total assets	<b>501.12</b>
Total Liabilities	<b>155.03</b>
Investments	-
Turnover	<b>1,609.31</b>
Profit before taxation	<b>120.21</b>
Provision for taxation	<b>29.16</b>
Profit after taxation	<b>91.05</b>
Proposed Dividend	-
% of shareholding	<b>100%</b>

Sl. No.	3
Name of the subsidiary	KFin Services Private Limited
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	<b>For the period from 06.01.2020 to 31.03.2021</b>
Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	<b>INR</b>
Share capital	<b>1.00</b>
Reserves & surplus	<b>(3.06)</b>
Total assets	<b>56.44</b>
Total Liabilities	<b>58.50</b>
Investments	-
Turnover	-
Profit before taxation	<b>(3.06)</b>

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Provision for taxation	-
Profit after taxation	<b>(3.06)</b>
Proposed Dividend	-
% of shareholding	<b>100%</b>

Note: The following information shall be furnished at the end of the statement:

- a) Names of subsidiaries which are yet to commence operations: KFin Services Private Limited
- b) Names of subsidiaries which have been liquidated or sold during the year: Nil

**For and on behalf of the Board of Directors**  
**KFin Technologies Private Limited**  
**(formerly known as Karvy Fintech Private Limited)**

**VISHWANATH AN MAVILA NAIR**  
Digitally signed by  
VISHWANATHAN  
MAVILA NAIR  
Date: 2021.06.24  
16:59:11 +05'30'

**Vishwanathan Mavila Nair**  
Director & Chairman of the Board  
DIN: 02284165

Place: Mumbai  
Date: 24.06.2021

**VENKATA SATYA NAGA SREEKANTH NADELLA**  
Digitally signed by VENKATA SATYA NAGA SREEKANTH NADELLA  
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**Venkata Satya Naga Sreekanth Nadella**  
Whole time Director & CEO  
DIN: 08659728

Place: Hyderabad  
Date: 24.06.2021

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**ANNUAL REPORT ON CSR ACTIVITIES  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021**

**1. Brief outline on CSR Policy of the Company:**

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

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

**2. Composition of CSR Committee:**

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Sonu Halan Bhasin	Independent Director	4	4
2.	Sandeep Achyut Naik	Nominee Director	4	4
3.	*Prashant Saran	Independent Director	3	3
4.	**Ganesh Venkatachalam	Managing Director & CEO	1	1

*\*Mr. Prashant Saran was appointed as Additional (Independent) Director of the Company on 26<sup>th</sup> May, 2020 and was appointed as the member of the CSR Committee on 2<sup>nd</sup> July, 2020.*

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**\*\*Mr. Ganesh Venkatachalam had resigned from the post of Managing Director and CEO of the Company and from the CSR Committee with effect from 12<sup>th</sup> June, 2020.**

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company. :

[https://www.kfintech.com/wp-content/uploads/2021/03/KFintech\\_Corporate-Social-Responsibilities-Policy.pdf](https://www.kfintech.com/wp-content/uploads/2021/03/KFintech_Corporate-Social-Responsibilities-Policy.pdf)

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report): **Not Applicable**
5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: **Not Applicable**

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be set-off for the financial year, if any (in Rs)
1			-
2			
3			
	Total		

6. Average net profit of the company as per section 135(5): Rs. 1,654.00 lakhs
- a) Two percent of average net profit of the company as per section 135(5): Rs. 33.07 Lakhs
- b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years.: Nil
- c) Amount required to be set off for the financial year, if any: Nil
- d) Total CSR obligation for the financial year (7a+7b-7c) : 33.07 Lakhs

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Ph : +91 40 6716 2222, 7961 1000 | <https://www.kfintech.com> | CIN : U72400TG2017PTC117649

*[Handwritten signatures]*



7.  
a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
33.39 Lakhs	Nil	-	-	Nil	-

b) Details of CSR amount spent against **ongoing projects** for the financial year: **Not Applicable**

1	2	3	4	5		6	7	8	9	10	11	
Sl. No	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Project duration	Amount allocated for the project (in Rs.)	Amount spent in the current financial Year (in Rs.)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number.
1												
	Total											

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c) Details of CSR amount spent against **other than ongoing projects** for the financial year:

1	2	3	4	5		6	7	8			
Sl. No	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (in Rs.)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency			
				State	District			Name	CSR Registration number.		
1	Finance Education Programmes/ Advance Finance Education Programmes	Promoting Employment Enhancing Vocational Skills (Clause II of Schedule VII)	No	Andhra Pradesh	Tirupati, Chittoor District	4,27,134.82	Yes	-	-		
					Guntur	96,763.64	Yes	-	-		
					YSR Kadappa	1,24,648.00	Yes	-	-		
					Vijaywada, Krishna District	1,32,033.40	Yes	-	-		
							Visakhapatnam	1,15,047.00	Yes	-	-
			No	Bihar	Patna	1,27,887.28	Yes	-	-		
			No	Gujarat	Ahemdabad	1,39,556.58	Yes	-	-		
					Baroda	1,24,488.00	Yes	-	-		
			No	Jharkhand	Dhanbad	1,40,742.46	Yes	-	-		
			No		Jamshedpur,	78,068.82	Yes	-	-		

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**Registered & Corporate Office**

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			East Singhbhum				
No			Ranchi	88,602.78	Yes	-	-
No	Mahara shtra		Solapur	37,494.78	Yes	-	-
No	Madhya Pradesh		Indore	1,73,585.00	Yes	-	-
			Bhopal	1,18,325.00	Yes	-	-
No	Punjab		Ludhiana	1,13,388.00	Yes	-	-
			Jhalandar	1,34,283.00	Yes	-	-
			Amritsar	1,21,630.00	Yes	-	-
No	Punjab and Haryan a		Chandigarh	1,29,674.24	Yes	-	-
Yes	Telanga na		Hyderabad	1,79,953.00	Yes	-	-
No	Uttar Pradesh		Gorakhpur	1,06,747.00	Yes	-	-
			Kanpur, Kanpur Nagar District	1,45,862.00	Yes	-	-
			Lucknow	1,42,384.00	Yes	-	-
			Varanasi	1,70,378.16	Yes	-	-
No	West Bengal		Durgapur, <u>Paschim</u> <u>Bardhaman</u>	1,20,579.00	Yes	-	-

## KFin Technologies Private Limited

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2	Educare projects	Promoting Education (Clause II of Schedule VII)	Yes	Telanga na	Hyderabad	50,000	No	Abhaya Foundat ion	DIT(E/H YD/80G/79(3)/08-09
	<b>Total</b>					<b>33,39,255.96</b>			

- d) Amount spent in Administrative Overheads: **Not Applicable**  
e) Amount spent on Impact Assessment, if applicable : **Not Applicable**  
f) Total amount spent for the Financial Year (8b+8c+8d+8e) : **Rs. 33.39 Lakhs**  
g) Excess amount for set off, if any

Sl. No	Particular	Amount (in Lakhs.)
i.	Two percent of average net profit of the company as per section 135(5)	Rs. 33.07 Lakhs
ii.	Total amount spent for the Financial Year	Rs. 33.39 Lakhs
iii.	Excess amount spent for the financial year [(ii)-(i)]	Rs. 0.32 Lakhs
iv.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
v.	Amount available for set off in succeeding financial years [(iii)-(iv)]	Rs. 0.32 Lakhs

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8.

a) Details of Unspent CSR amount for the preceding three financial years: Nil

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs).	Date of transfer.	
1							
	Total						

b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Nil

1	2	3	4	5	6	7	8
Sl. No	Project ID	Name of the Project	Project duration	Total amount allocated for the project (in Rs.)	Amount spent on the project in the reporting Financial Year (in Rs)	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project - Completed /Ongoing
1.							
	Total						

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9. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year : Nil

(asset-wise details).

- Date of creation or acquisition of the capital asset(s).
- Amount of CSR spent for creation or acquisition of capital asset.
- Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.
- Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

10. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): **Not Applicable**

  
**Sonu Halan Bhasin**  
(Chairperson - CSR Committee)  
DIN: 02872234  
Date- 25/05/2021  
Place- New Delhi

  
**Venkata Satya Naga Sreekanth Nadella**  
(Whole Time Director & CEO)  
DIN: 08659728  
Date- 25/05/2021  
Place- Hyderabad

**KFin Technologies Private Limited**

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**FORM NO. AOC - 2**

**[Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]**

Form for disclosure of particulars of contracts / arrangements entered into by the Company with the related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms-length transactions under third proviso thereto.

**1. Details of contracts or arrangements or transactions not at arm's length basis: NIL**

S. No	Name of related party and nature of relationship	Nature of contract / arrangements/ transaction	Duration of contracts / arrangement/ transactions	Salient features of contracts/ arrangement/ transaction, including value, if any	Justification for entering into such contract/ arrangement/ transaction	Date(s) of approval by the Board	Amount Paid as advance, if any	Date on which resolution was passed in general meeting u/s 188(1)
-	-	-	-	-	-	-	-	-

**2. Details of contracts or arrangements or transactions at arm's length basis:**

Sr. No	Name of related party and nature of relationship	Nature of contract/ arrangements/ transaction	Duration of contracts/ arrangement / transactions	Salient features of contracts/ arrangement/ transaction, including value, if any	Date(s) of approval by the Board	Amount Paid as advance, if any
1	KFin Technologies (Malaysia) Sendirian Berhad, Wholly owned Subsidiary	Back-office Processing charges	Perpetual	As per the Master service Agreement entered between KFin and KFin Technologies (Malaysia)	17 <sup>th</sup> November 2018	-

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**For and on behalf of the Board of Directors  
KFin Technologies Private Limited  
(formerly known as Karvy Fintech Private Limited)**

Digitally signed by  
**VISHWANATHAN MAVILA  
NAIR**  
Date: 2021.06.24 17:01:14  
+05'30'

**Vishwanathan Mavila Nair**  
Director & Chairman of the Board  
DIN: 02284165

Place: Mumbai  
Date: 24.06.2021

Digitally signed by VENKATA SATYA NAGA SREEKANTH  
NADELLA  
DN: c=IN, o=KFIN TECHNOLOGIES PVT.LTD. OIL,  
postalCode=500032, st=Telangana,  
2.5.4.2064721482482036897573888AD838E3687488F964  
434C3C8E111CE8AD07B4EF9,  
2.5.4.45+021008055842721822647CF992847D358814D66  
0822328758F6E.F3A82CF674F07F46,  
serialNumber=F2016ADAE5FBE2B8483C47CBA7B11A1CCF  
0020182D408BAE4F481803C2A5, cn=VENKATA SATYA  
NAGA SREEKANTH NADELLA  
Date: 2021.06.24 16:14:28 +05'30'

**Venkata Satya Naga Sreekanth Nadella**  
Whole time Director & CEO  
DIN: 08659728

Place: Hyderabad  
Date: 24.06.2021

**KFin Technologies Private Limited**  
(Formerly known as "Karvy Fintech Private Limited")

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**Related Party Disclosure**

**[Pursuant to Regulation 53(f) r/w Part A of Schedule V of SEBI (Listing obligations and disclosure requirements) Regulations, 2015]**

<b>Sr. No</b>	<b>In the accounts of</b>	<b>Disclosures of amounts at the year end and the maximum amount of loans/ advances/ Investments outstanding during the year.</b>	<b>Remarks</b>
1	KFin Technologies Private Limited (Holding Company)	<p>Loans and advances in the nature of loans to subsidiaries by name and amount.</p> <p>Loans and advances in the nature of loans to associates by name and amount.</p> <p>Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount.</p>	<p>NIL</p> <p>NIL</p> <p>NIL</p>
2	KFin Technologies Private Limited (Holding Company)	Investments by the loanee in the shares of parent company and subsidiary company, when the company has made a loan or advance in the nature of loan.	NIL

**For and on behalf of the Board of Directors  
KFin Technologies Private Limited  
(formerly known as Karvy Fintech Private Limited)**

VISHWANATHAN  
MAVILA NAIR

Digitally signed by  
VISHWANATHAN MAVILA NAIR  
Date: 2021.06.24 17:01:59 +05'30'

**Vishwanathan Mavila Nair**  
Director & Chairman of Board  
DIN: 02284165

Place: Mumbai  
Date: 24.06.2021

VENKATA SATYA  
NAGA SREEKANTH  
NADELLA

**Venkata Satya Naga Sreekanth Nadella**  
Whole time Director & CEO  
DIN: 08659728

Place: Hyderabad  
Date: 24.06.2021

**KFin Technologies Private Limited**  
(Formerly known as "Karvy Fintech Private Limited")

**Registered & Corporate Office**

**FORM NO. MR-3**

[Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

**SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2021**

To  
The Members  
M/s. **KFIN TECHNOLOGIES PRIVATE LIMITED**  
(Formerly known as Karvy Fintech Private Limited)  
Hyderabad.

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. **KFIN TECHNOLOGIES PRIVATE LIMITED (formerly Karvy Fintech Private Limited)** [CIN: U72400TG2017PTC117649] (hereinafter called 'the Company') for the year ended **31<sup>st</sup> March, 2021**. Secretarial Audit was conducted in a manner that provided me reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2021, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2021 according to the provisions/clauses of:

- 1) The Companies Act, 2013 (the Act) and the rules made there under;
- 2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- 3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- 4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment;
- 5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act) -
  - a. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (applicable to the extent of issue of Debt securities)



- b. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (Not applicable to the company during the year under review);
  - e. The Securities and Exchange Board of India (Share Based Employee Benefit) Regulations, 2014 (Not applicable to the company during the year under review);
  - f. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - g. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the company during the year under review); and
  - i. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (Not applicable to the company during the year under review).
- 6) The following other laws, rules and regulations as may be specifically applicable to the company:
- a. The Pension Fund Regulatory and Development Authority (Central Recordkeeping Agency) Regulations, 2015.

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

- a. Secretarial Standards issued and amended by The Institute of Company Secretaries of India;
- b. Listing Agreement entered into by the Company with Bombay Stock Exchange.

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

**I further report that**

- a. The Board of Directors of the Company is constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.



- b. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- c. All decisions at the Board meetings were carried out unanimously as recorded in the minutes of the meetings of the Board of Directors.

Based on the review of periodic compliance reports submitted to the Board of Directors,

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

I further report that during the audit period the Company has the following specific events/actions:

- a. The company has altered the articles of association of the company by a special resolution approved at the Extra-ordinary general meeting held on 03/04/2020.
- b. The company has altered the objects clause of Memorandum of Association of the company by a special resolution approved at the Extraordinary general meeting held on 03/04/2020 and confirmed by the Registrar of Companies on 24/04/2020.
- c. Mr. Prashant Saran was appointed as Independent Director of the company w.e.f. 26/05/2020.
- d. Mr. Venkata Satya Naga Sreekanth Nadella was appointed as Whole-time Director & CEO of the company w.e.f. 12/06/2020.
- e. The Board of Directors of the company has approved ESOP grants to eligible employees for the financial year 2020-21.

For D V Rao & Associates  
Company Secretaries



Date: 22/04/2021  
Place: Hyderabad

A handwritten signature in blue ink, appearing to read "Vasudeva Rao Devaki".

CS Vasudeva Rao Devaki  
Practicing Company Secretary  
FCS # 8888; COP # 12123  
UDIN: F008888C000159654

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

To  
The Members,  
M/s. **KFIN TECHNOLOGIES PRIVATE LIMITED**  
Hyderabad

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

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

Date: 22/04/2021  
Place: Hyderabad



For **D V Rao & Associates**  
Company Secretaries  
  
**CS Vasudeva Rao Devaki**  
Practicing Company Secretary  
FCS # 8888; COP # 12123