

February 10, 2023

CS&G/STX/MQ2023/06

1) National Stock Exchange of India LimitedExchange Plaza, C-1, Block G,
Bandra Kurla Complex, Bandra (E),
Mumbai – 400 051

Scrip Symbol: KFINTECH

2) BSE LimitedPhiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001

Scrip Code: 543720

Sub. : Outcome of Board Meeting and Submission of Standalone and Consolidated Unaudited Financial Results**Ref. : Regulations 30 and 33 of the LODR Regulations**

Dear Sir / Madam,

Further to our letter reference no. CS&G/STX/MQ2023/02 dated January 19, 2023, pursuant to Regulation 30 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**LODR Regulations**”), this is to inform that the Board of Directors of the Company at its meeting held today *i.e.*, February 10, 2023, has *inter-alia* approved the Standalone and Consolidated Unaudited Financial Results for the quarter and nine months ended December 31, 2022. The Board meeting commenced at 05:00 p.m. and concluded at 06:30 p.m.

Pursuant to Regulation 33 and other applicable provisions of the LODR Regulations, please find enclosed herewith the Standalone and Consolidated Unaudited Financial Results for the quarter and nine months ended December 31, 2022, along with limited review reports issued by B S R & Associates LLP, Chartered Accountants, Statutory Auditor of the Company.

This is for your information and records.

Thanking you,

Yours faithfully,

For KFin Technologies Limited**Alpana Kundu****Company Secretary and Compliance Officer**

ICSI Membership No.: F10191

*Encl.: a/a***KFin Technologies Limited**

(Formerly known as KFin Technologies Private Limited)

Registered & Corporate Office:Selenium Building, Tower-B, Plot No- 31 & 32, Financial District, Nanakramguda,
Serilingampally, Hyderabad, Rangareddi, Telangana, India, 500032.**CIN: L72400TG2017PLC117649**

compliance.corp@kfintech.com

B S R & Associates LLP

Chartered Accountants

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

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

Limited Review Report on unaudited consolidated financial results of KFin Technologies Limited (Formerly known as KFin Technologies Private Limited) for the quarter ended 31 December 2022 and year to date results for the period from 01 April 2022 to 31 December 2022 pursuant to Regulation 33 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To the Board of Directors of KFin Technologies Limited (Formerly known as KFin Technologies Private Limited)

1. We have reviewed the accompanying Statement of unaudited consolidated financial results of KFin Technologies Limited (Formerly known as KFin Technologies Private Limited) (hereinafter referred to as “the Parent”), and its subsidiaries (the Parent and its subsidiaries together referred to as “the Group”) for the quarter ended 31 December 2022 and year to date results for the period from 01 April 2022 to 31 December 2022 (“the Statement”), being submitted by the Parent pursuant to the requirements of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“Listing Regulations”).

Attention is drawn to the fact that the figures for the corresponding quarter ended 31 December 2021, as reported in these unaudited consolidated financial results have been approved by the Parent’s Board of Directors, but have not been subjected to review since the requirement of submission of quarterly consolidated financial results is applicable on listing of equity shares of the Parent during the quarter ended 31 December 2022.

2. This Statement, which is the responsibility of the Parent’s management and approved by the Parent’s Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 “*Interim Financial Reporting*” (“Ind AS 34”), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*”, issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the Securities and Exchange Board of India under Regulation 33(8) of the Listing Regulations, to the extent applicable.

4. The Statement includes the results of the following entities:

S.No.	Name of the component	Country	Relationship
1	KFin Technologies (Bahrain) W.L.L.	Bahrain	Subsidiary
2	KFin Technologies (Malaysia) SDN. BHD.	Malaysia	Subsidiary

Registered Office:

B S R & Associates (a partnership firm with Registration No. BA69226) converted into B S R & Associates LLP (a Limited Liability Partnership with LLP Registration No. AAB-8182) with effect from October 14, 2013

14th Floor, Central B Wing and North C Wing, Nesco IT Park 4, Nesco Center, Western Express Highway, Goregaon (East), Mumbai - 400063

Limited Review Report (*Continued*)

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

3	KFin Services Private Limited	India	Subsidiary
4	Hexagram Fintech Private Limited (w.e.f. 7 February 2022)	India	Subsidiary
5	Hexagram Fintech SDN. BHD. (formerly known as Hexagon Global IT Solutions SDN BHD) (w.e.f. 7 February 2022)	Malaysia	Subsidiary
6	KFin Global Technologies (IFSC) Limited	India	Subsidiary

5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of the other auditors referred to in paragraph 7 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. **Emphasis of matter paragraph**

- i. We draw attention to Note 4 of the statement of unaudited consolidated financial results for the quarter and nine months period ended 31 December 2022 regarding the amalgamation of Karvy Computershare Private Limited (KCPL) and the 'RTA Undertaking' of Karvy Consultants Limited (KCL) into the Parent accounted for in financial year 2018-2019 with effect from 17 November 2018. In accordance with the scheme approved by National Company Law Tribunal (NCLT), the amalgamation had been accounted for as per Accounting Standard 14 – 'Accounting for Amalgamations'. Accordingly, all assets and liabilities of KCPL and of the RTA Undertaking of KCL had been recorded at their respective existing book values. The difference between the book values of the net assets so recorded and the consideration (being the face value of equity shares issued by the Parent to the shareholders of KCL and cost of investment in equity shares of KCPL) amounting to INR 6,694.10 million had been debited to goodwill. This goodwill was being amortised over a period of ten years as per the terms of the scheme and was also being tested for impairment every year. Such accounting treatment of this transaction was different from that prescribed under Ind AS 103 – 'Business Combinations' which became applicable to the Group 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.

On 02 March 2022, the Parent obtained approval of NCLT for not amortising goodwill with effect from 01 April 2021.

- ii. We draw attention to Note 5 of the Statement of unaudited consolidated financial results for the quarter and nine months period ended 31 December 2022, where the pre- amalgamated Company was the Registrar and Transfer Agent ("RTA") of a past client ("the Client") until 5 April 2021. The Client had a demat account with one of the Depository Participants ("DP") for depositing its shares in escrow for the purposes of its initial public offering ("IPO"). The Parent identified that 1,294,489 shares were transferred by the DP (in 2011 and 2020) from the said escrow account of the Client to the DP's own demat account and to a Third Party's demat account through an off-market transaction without any authorisation from the Client. The Board of Directors of the Parent after considering legal advice transferred 1,294,489 shares to the escrow account of the Client on a 'good faith and no fault' basis, after reducing the amount payable upon

Limited Review Report (Continued)

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

redemption, in future, of the Redeemable Preference Shares issued in October 2021, by INR 300 million, pursuant to an indemnity clause contained in the agreement for the issuance of such Redeemable Preference Shares. The dividend received on such shares by the Parent in the financial year 2021-22 of INR 4.08 million was also transferred back to the Client.

The Parent has recognised an amount of INR 71 million as a provision as of 31 December 2022 in the statement of unaudited consolidated financial results related to potential claims by the Client (including dividends on such shares for the earlier periods). Pending the final settlement of terms to be agreed with the Client, the Parent has measured the said provision at its best estimate. The Parent will initiate proceedings against the concerned parties, including certain minority shareholders, for recovery of the amount paid and payable by the Parent to the Client in connection with this matter upon completion of final settlement with the Client.

Our conclusion is not modified in respect of these matters.

7. We did not review the interim financial results of 4 Subsidiaries included in the Statement, whose interim financial results reflect total revenues (before consolidation adjustments) of INR 91.34 million and INR 253.74 million, total net profit after tax (before consolidation adjustments) of INR 5.39 million and INR 1.99 million and total comprehensive income (before consolidation adjustments) of INR 5.39 million and INR 1.53 million, for the quarter ended 31 December 2022 and for the period from 01 April 2022 to 31 December 2022 respectively, as considered in the Statement. These interim financial results have been reviewed by other auditors whose reports have been furnished to us by the Parent's management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above.

Our conclusion is not modified in respect of this matter.

For **B S R & Associates LLP**

Chartered Accountants

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

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BAJAJ

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Amit Kumar Bajaj

Partner

Hyderabad
10 February 2023

Membership No.: 218685
UDIN:23218685BGXHIG2628

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

CIN: L72400TG2017PLC117649

Registered office address: Selenium, Tower B, Plot No- 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddi, Telangana - 500032

Statement of Unaudited Consolidated financial results for the quarter and nine months period ended December 31, 2022

(₹. in Millions)

Sl. No.	Particulars	Consolidated					
		Quarter ended			Nine months period ended		Year ended
		December 31, 2022	September 30, 2022	December 31, 2021	December 31, 2022	December 31, 2021	March 31, 2022
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)
	Income						
1	Revenue from operations	1,881.26	1,792.29	1,677.54	5,368.94	4,586.55	6,395.07
2	Other income	62.63	23.92	23.31	112.58	48.63	60.57
	Total Income	1,943.89	1,816.21	1,700.85	5,481.52	4,635.18	6,455.64
	Expenses						
3	Employee benefits expense	725.63	759.55	598.88	2,217.91	1,694.04	2,324.86
	Finance costs	26.41	25.55	259.77	78.78	502.71	528.83
	Depreciation and amortisation expense	128.25	113.94	94.63	354.24	269.80	370.25
	Other expenses	348.61	322.06	339.12	1,009.01	851.42	1,191.70
	Total expenses	1,228.90	1,221.10	1,292.40	3,659.94	3,317.97	4,415.64
4	Profit before tax (1+2-3)	714.99	595.11	408.45	1,821.58	1,317.21	2,040.00
5	Tax expense	181.23	115.95	109.55	434.37	340.30	554.51
6	Profit for the period/ year (4-5)	533.76	479.16	298.90	1,387.21	976.91	1,485.49
7	Other comprehensive income ("OCI")						
	<i>A. Items that will not be reclassified subsequently to statement of profit or loss</i>						
	Remeasurement (loss)/ gain on defined benefit plans	-	-	(15.79)	10.86	(0.93)	(10.76)
	Income tax on above	-	-	3.97	(2.73)	0.23	2.71
	<i>B. Items that will be subsequently reclassified to profit or loss</i>						
	Exchange differences on translation of foreign operations	4.82	(0.20)	0.43	5.71	1.24	2.58
8	Total comprehensive income for the period/ year (6+7)	538.58	478.96	287.51	1,401.05	977.45	1,480.02
9	Paid up equity share capital - Face value of Rs. 10 per share	1,675.69	1,675.69	1,675.68	1,675.69	1,675.68	1,675.69
10	Other equity						4,767.74
11	Earnings per share (Face value of Rs. 10 per share fully paid) in Rs.						
	Basic *	3.19	2.86	1.85	8.28	6.34	9.44
	Diluted *	3.15	2.83	1.85	8.20	6.34	9.36

(* Not annualised for the quarters and periods)

for and on behalf of the Board of Directors of

KFin Technologies Limited

CIN: L72400TG2017PLC117649

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Sreekanth Nadella

Managing Director and Chief Executive Officer

DIN: 08659728

Place: Goa

Date: 10 February 2023

Segment information:

(₹. in Millions)

Sl. No.	Particulars	Consolidated					
		Quarter ended			Nine months period ended		Year ended
		December 31, 2022	September 30, 2022	December 31, 2021	December 31, 2022	December 31, 2021	March 31, 2022
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Segment revenue						
	Registry services	1,755.50	1,663.59	1,562.50	4,983.56	4,250.34	5,936.18
	Data processing services	108.64	114.49	106.46	335.92	311.95	422.44
	Pension fund solutions	17.12	14.21	8.58	49.46	24.26	36.45
	Total revenue	1,881.26	1,792.29	1,677.54	5,368.94	4,586.55	6,395.07
2	Segment results						
	Registry services	832.70	765.11	902.32	2,267.87	2,196.67	3,001.13
	Data processing services	67.74	73.37	70.12	209.28	197.02	259.59
	Pension fund solutions	(7.73)	(18.48)	(16.68)	(37.97)	(39.12)	(49.73)
	Total	892.71	820.00	955.76	2,439.18	2,354.57	3,210.99
	Unallocated (expenses)/ income						
	(a) Unallocable expenses	(213.94)	(223.26)	(310.85)	(651.40)	(583.28)	(702.73)
	(b) Finance cost	(26.41)	(25.55)	(259.77)	(78.78)	(502.71)	(528.83)
	(c) Other income	62.63	23.92	23.31	112.58	48.63	60.57
	Profit Before Tax	714.99	595.11	408.45	1,821.58	1,317.21	2,040.00
3	Tax expense	181.23	115.95	109.55	434.37	340.30	554.51
4	Profit for the period/ year	533.76	479.16	298.90	1,387.21	976.91	1,485.49
5	Segment assets						
	Registry services	7,654.14	7,469.68	6,855.64	7,654.14	6,855.64	7,224.37
	Data processing services	430.39	450.58	450.93	430.39	450.93	437.97
	Pension fund solutions	29.48	39.28	29.53	29.48	29.53	30.68
	Total	8,114.01	7,959.54	7,336.10	8,114.01	7,336.10	7,693.02
	Unallocated	4,468.67	3,188.51	2,205.68	4,468.67	2,205.68	2,571.07
	Total	12,582.68	11,148.05	9,541.78	12,582.68	9,541.78	10,264.09
6	Segment liabilities						
	Registry services	461.52	499.60	503.84	461.52	503.84	528.78
	Data processing services	21.19	23.48	28.37	21.19	28.37	24.77
	Pension fund solutions	2.77	3.21	3.40	2.77	3.40	3.06
	Total	485.48	526.29	535.61	485.48	535.61	556.61
	Unallocated	3,969.11	3,254.60	3,106.72	3,969.11	3,106.72	3,264.05
	Total	4,454.59	3,780.89	3,642.33	4,454.59	3,642.33	3,820.66

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

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

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

for and on behalf of the Board of Directors of

KFin Technologies Limited

CIN: L72400TG2017PLC117649

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Sreekanth Nadella

Managing Director and Chief Executive Officer

DIN: 08659728

Place: Goa

Date: 10 February 2023

Notes:

1. The above consolidated financial results of KFin Technologies Limited ("the Parent Company"/ "the Company") and its subsidiaries (the Company and its subsidiaries together referred to as "the Group") have been prepared in accordance with and comply in all material aspects with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act 2013 ("the Act") read with relevant rules issued there under and in terms of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 ("Listing Regulations"), as amended.

2. The above consolidated financial results have been reviewed and recommended by the Audit Committee at its meeting held on February 10, 2023. The Board of Directors at its meeting held on February 10, 2023 have approved the above results and taken them on record. The Statutory auditors have expressed an unmodified review conclusion on these results.

3. The Parent Company completed its Initial Public Offering ("IPO") of 40,983,606 equity shares of face value of INR 10 each at an issue price of INR 366 per equity share aggregating to INR 15,000 million representing an offer for sale. The equity shares of the Parent Company were listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) w.e.f. December 29, 2022.

4. The Board of Directors of the Parent Company in their meeting held on August 02, 2017 had 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 October 23, 2018 which has been filed with the Registrar of Companies on November 17, 2018. Therefore, the Scheme has become effective on November 17, 2018. As per the Scheme, the 'RTA undertaking' of KCL and KCPL were amalgamated into the Company with effect from November 17, 2018 and the amalgamation was accounted for during the year ended March 31, 2019.

As specified in the Scheme, the amalgamation had been accounted for in accordance with the Purchase method of accounting as per Accounting Standard 14 on 'Accounting for Amalgamations'. All the assets and liabilities of the RTA Undertaking of KCL and KCPL had been recorded at their 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 6,749.15 million (INR 6,694.10 million in the consolidated financial statements) had been recorded as goodwill which was being amortised over a period of 10 years. This accounting treatment as specified in the Scheme relating to amalgamation of the 'RTA Undertaking' of KCL and of KCPL into the Company and the subsequent measurement of Goodwill is different from the accounting as per Ind AS 103 on 'Business Combinations'.

The Board of Directors of the Group at its meeting held on 01 September 2021, have approved the application filed with National Company Law Tribunal ('NCLT application') on October 28, 2021 for discontinuing amortisation of goodwill. Pursuant to the approval of the NCLT application via order dated March 02, 2022, the amortisation of goodwill has been discontinued with effect from April 01, 2021. As per Ind AS 36 - Impairment of Assets, the Group continues to annually test the impairment on Goodwill.

5. The pre-amalgamated Company (Refer in Note 4 above) was the Registrar and Transfer Agent (RTA) of a past Client ("the Client") until 5 April 2021. The Client had a demat account ("Escrow Account") with one of the Depository Participants ("DP") for depositing its shares in escrow for the purposes of its initial public offering. The Parent Company identified in the financial year 2020-21 that 794,489 shares were transferred by the DP (500,000 shares in 2011 (which translated into 1,000,000 shares pursuant to a bonus issue undertaken by the Client in 2017) and 294,489 shares in 2020) from the Escrow Account to the DP's own demat account and to a third party's demat account through an off-market transaction without any authorisation from the Client and without knowledge of the Parent Company. The Board of Directors of the Parent Company after considering legal advice purchased 1,294,489 shares and transferred these shares to the Escrow Account of the Client on a 'good faith and no fault' basis, after reducing the amount payable upon redemption, in future, of the Redeemable Preference Shares issued in October 2021, by INR 300.00 million. The dividend received on such shares by the Parent Company in the financial year 2021-22 of INR 4.08 million was also transferred back to the Client.

Intimation letters were sent to the Client and SEBI on 15 November 2021 informing them of transfer of shares to the Client's Escrow Account and refund of dividend to the Client. Further, the Board of Directors of the Parent Company after considering legal advice, approved payment (based on an estimation of potential losses that may be suffered by the Client) by the Parent Company to the Client, for the purpose of settlement of any potential claims by the Client (including dividends on such shares for earlier periods). The Parent Company will initiate proceedings against the concerned parties, including certain minority shareholders, for recovery of the amount paid and payable by the Company to the Client in connection with this matter upon completion of final settlement with the Client. Considering the assessment of recoverability, the Parent Company has made a provision of INR 71.15 million as at 31 December 2022. Pending the final settlement of terms to be agreed with the Client, the Management has measured the provision at its best estimate.

6. During the quarter ended December 31, 2022, 1,659,816 number of employee stock options (Nil for the quarter ended September 30, 2022 and December 31, 2021) were exercised by the employees/ ex-employees of the Company. These options are yet to be allotted. The total outstanding employee stock options as on December 31, 2022 were 6,018,908 (March 31, 2022: 6,502,563).

7. Enforcement Directorate (ED) vide its order dated September 24, 2021, has instructed the Parent Company not to facilitate the alienation/ sale/ creation of any lien or liability in respect of equity shares held by certain shareholders. On March 11, 2022, the Parent Company has received Provisional Attachment Order No. 06/2022 dated March 08, 2022 issued by the Deputy Director, Directorate of Enforcement, Hyderabad Zonal Office ("Attachment Order"), whereby the ED has provisionally attached the equity shares held by those shareholders. Additionally, to the Parent Company's knowledge, these shares are subjected to an encumbrance in favour of certain lenders of those shareholders.

Parent Company has received a letter dated December 09, 2022, from the Office of Additional Director, Directorate of Enforcement, Hyderabad Zonal Office on December 13, 2022 ("Authority", and such letter "ED Letter"). Pursuant to the ED Letter, the Authority has communicated that the attachment made pursuant to the provisional attachment order dated March 08, 2022, has been confirmed by the Adjudicating Authority (PMLA), New Delhi vide its order dated December 1, 2022.

8. The above consolidated financial results for the quarter and nine months period ended 31 December 2021, do not include results of below subsidiaries as these were acquired/ incorporated subsequent to 31 December 2021.

- a) Hexagram Fintech Private Limited (including its wholly owned subsidiary Hexagram Fintech SDN BHD) - acquired on February 7, 2022 and
- b) KFin Global Technologies (IFSC) Limited - incorporated on June 28, 2022. This subsidiary is yet to commence its commercial operations.

9. These consolidated financial results along with the review report of the statutory auditors of the Company are being filed with the BSE Limited (BSE), National Stock Exchange of India Limited (NSE) and are also available on the Company's website.

For and on behalf of the Board of Directors of

KFin Technologies Limited

CIN: L72400TG2017PLC117649

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Sreekanth Nadella

Managing Director and Chief Executive Officer

DIN: 08659728

Place: Goa

Date: 10 February 2023

B S R & Associates LLP

Chartered Accountants

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

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Fax: +91 40 7182 2399

Limited Review Report on unaudited standalone financial results of KFin Technologies Limited (Formerly known as KFin Technologies Private Limited) for the quarter ended 31 December 2022 and year to date results for the period from 01 April 2022 to 31 December 2022 pursuant to Regulation 33 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To the Board of Directors of KFin Technologies Limited (Formerly known as KFin Technologies Private Limited)

1. We have reviewed the accompanying Statement of unaudited standalone financial results of KFin Technologies Limited (Formerly known as KFin Technologies Private Limited) (hereinafter referred to as “the Company”) for the quarter ended 31 December 2022 and year to date results for the period from 01 April 2022 to 31 December 2022 (“the Statement”).

Attention is drawn to the fact that the figures for the corresponding quarter ended 31 December 2021 and the corresponding period from 01 April 2021 to 31 December 2021, as reported in these unaudited standalone financial results have been approved by the Company’s Board of Directors, but have not been subjected to review since the requirement of submission of quarterly standalone financial results is applicable on listing of equity shares of the Company during the quarter ended 31 December 2022.

2. This Statement, which is the responsibility of the Company’s management and approved by its Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 “*Interim Financial Reporting*” (“Ind AS 34”), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“Listing Regulations”). Our responsibility is to issue a report on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*”, issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. **Emphasis of matter paragraph**
 - i. We draw attention to Note 4 of the statement of unaudited standalone financial results for the quarter and nine months period ended 31 December 2022 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

Limited Review Report (Continued)

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

2018. In accordance with the scheme approved by National Company Law Tribunal (NCLT), the amalgamation had been accounted for as per Accounting Standard 14 – 'Accounting for Amalgamations'. Accordingly, all assets and liabilities of KCPL and of the RTA Undertaking of KCL had been recorded at their respective existing book values. The difference between the book values of the net assets so recorded and the consideration (being the face value of equity shares issued by the Company to the shareholders of KCL and cost of investment in equity shares of KCPL) amounting to INR 6,749.15 million had been debited to goodwill. This goodwill was being amortised over a period of ten years as per the terms of the scheme and was also being tested for impairment every year. Such accounting treatment of this transaction was different from that prescribed under Ind AS 103 – 'Business Combinations' which became applicable to the Company from the year ended 31 March 2019 and which requires assets, liabilities and consideration to be measured at fair value and goodwill to be tested only for impairment.

On 02 March 2022, the Company obtained approval of NCLT for not amortising goodwill with effect from 01 April 2021.

- ii. We draw attention to Note 5 of the Statement of unaudited standalone financial results for the quarter and nine months period ended 31 December 2022, where the pre- amalgamated Company was the Registrar and Transfer Agent ("RTA") of a past client ("the Client") until 5 April 2021. The Client had a demat account with one of the Depository Participants ("DP") for depositing its shares in escrow for the purposes of its initial public offering ("IPO"). The Company identified that 1,294,489 shares were transferred by the DP (in 2011 and 2020) from the said escrow account of the Client to the DP's own demat account and to a Third Party's demat account through an off-market transaction without any authorisation from the Client. The Board of Directors of the Company after considering legal advice transferred 1,294,489 shares to the escrow account of the Client on a 'good faith and no fault' basis, after reducing the amount payable upon redemption, in future, of the Redeemable Preference Shares issued in October 2021, by INR 300 million, pursuant to an indemnity clause contained in the agreement for the issuance of such Redeemable Preference Shares. The dividend received on such shares by the Company in the financial year 2021-22 of INR 4.08 million was also transferred back to the Client.

The Company has recognised an amount of INR 71 million as a provision as of 31 December 2022 in the Statement of unaudited standalone financial results related to potential claims by the Client (including dividends on such shares for the earlier periods). Pending the final settlement of terms to be agreed with the Client, the Company has measured the said provision at its best estimate. The Company will initiate proceedings against the concerned parties, including certain minority shareholders, for recovery of the amount paid and payable by the Company to the Client in connection with this matter upon completion of final settlement with the Client.

B S R & Associates LLP

Limited Review Report (Continued)

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

Our conclusion is not modified in respect of these matters.

For **B S R & Associates LLP**

Chartered Accountants

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

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Amit Kumar Bajaj

Partner

Hyderabad

10 February 2023

Membership No.: 218685

UDIN:23218685BGXHIF9214

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

CIN: L72400TG2017PLC117649

Registered office address: Selenium, Tower B, Plot No- 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddi, Telangana - 500032

Statement of Unaudited Standalone financial results for the quarter and nine months period ended December 31, 2022

(₹. in Millions)

Sl. No.	Particulars	Standalone					
		Quarter ended			Nine months period ended		Year ended
		December 31, 2022 (Unaudited)	September 30, 2022 (Unaudited)	December 31, 2021 (Unaudited)	December 31, 2022 (Unaudited)	December 31, 2021 (Unaudited)	March 31, 2022 (Audited)
	Income						
1.	Revenue from operations	1,812.40	1,740.52	1,651.50	5,185.69	4,493.86	6,247.09
2.	Other income	61.71	23.79	23.27	110.06	78.41	89.16
	Total Income	1,874.11	1,764.31	1,674.77	5,295.75	4,572.27	6,336.25
	Expenses						
3.	Employee benefits expense	679.94	714.84	582.32	2,084.65	1,646.43	2,249.46
	Finance costs	26.35	25.45	259.71	78.52	502.51	528.31
	Depreciation and amortisation expense	116.84	107.65	93.14	330.50	265.33	361.64
	Other expenses	335.37	321.01	333.70	975.61	819.33	1,120.53
	Total expenses	1,158.50	1,168.95	1,268.87	3,469.28	3,233.60	4,259.94
4	Profit before tax (1+2-3)	715.61	595.36	405.90	1,826.47	1,338.67	2,076.31
5	Tax expense	182.23	116.47	112.47	433.83	338.04	546.16
6.	Profit for the period/ year (4-5)	533.38	478.89	293.43	1,392.64	1,000.63	1,530.15
7.	Other comprehensive income ("OCI")						
	<i>A. Items that will not be reclassified subsequently to statement of profit or loss</i>						
	Remeasurement (loss)/ gain on defined benefit plans	-	-	(15.79)	11.48	(0.93)	(10.26)
	Income tax on above	-	-	3.97	(2.89)	0.23	2.58
8.	Total comprehensive income for the period/ year (6+7)	533.38	478.89	281.61	1,401.23	999.93	1,522.47
9.	Paid up equity share capital - Face value of Rs. 10 per share	1,675.69	1,675.69	1,675.68	1,675.69	1,675.68	1,675.69
10.	Other equity						4,781.79
11.	Earnings per share (Face value of Rs. 10 per share fully paid) in Rs.						
	Basic *	3.18	2.86	1.81	8.31	6.50	9.72
	Diluted *	3.15	2.84	1.81	8.24	6.50	9.64

(* Not annualised for the quarters and periods)

for and on behalf of the Board of Directors of

KFin Technologies Limited

CIN: L72400TG2017PLC117649

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Sreekanth Nadella

Managing Director and Chief Executive Officer

DIN: 08659728

Place: Goa

Date: 10 February 2023

Notes:

1. The above standalone financial results of KFin Technologies Limited ("the Company") have been prepared in accordance with and comply in all material aspects with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act 2013 ("the Act") read with relevant rules issued there under and in terms of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 ('Listing Regulations'), as amended.

2. The above standalone financial results have been reviewed and recommended by the Audit Committee at its meeting held on February 10, 2023. The Board of Directors at its meeting held on February 10, 2023 have approved the above results and taken them on record. The Statutory auditors have expressed an unmodified review conclusion on these results.

3. The Company completed its Initial Public Offering ('IPO') of 40,983,606 equity shares of face value of INR 10 each of the Company at an issue price of INR 366 per equity share aggregating to INR15,000 million representing an offer for sale. The equity shares of the Company were listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) w.e.f. December

4. The Board of Directors of the Company in their meeting held on August 02, 2017 had 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 October 23, 2018 which has been filed with the Registrar of Companies on November 17, 2018. Therefore, the Scheme has become effective on November 17, 2018. As per the Scheme, the 'RTA undertaking' of KCL and KCPL were amalgamated into the Company with effect from November 17, 2018 and the amalgamation was accounted for during the year ended March 31, 2019.

As specified in the Scheme, the amalgamation had been accounted for in accordance with the Purchase method of accounting as per Accounting Standard 14 on 'Accounting for Amalgamations'. All the assets and liabilities of the RTA Undertaking of KCL and KCPL had been recorded at their 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 6,749.15 million (INR 6,694.10 million in the consolidated financial statements) had been recorded as goodwill which was being amortised over a period of 10 years. This accounting treatment as specified in the Scheme relating to amalgamation of the 'RTA Undertaking' of KCL and of KCPL into the Company and the subsequent measurement of Goodwill is different from the accounting as per Ind AS 103 on 'Business Combinations'.

The Board of Directors of the Company at its meeting held on September 01, 2021, have approved the application filed with National Company Law Tribunal ('NCLT application') on October 28, 2021 for discontinuing amortisation of goodwill. Pursuant to the approval of the NCLT application via order dated March 02, 2022, the amortisation of goodwill has been discontinued with effect from April 01, 2021. As per Ind AS 36– Impairment of Assets, the Company continues to annually test the impairment on Goodwill.

5. The pre-amalgamated Company (Refer in Note 4 above) was the Registrar and Transfer Agent (RTA) of a past Client ("the Client") until 5 April 2021. The Client had a demat account ("Escrow Account") with one of the Depository Participants ("DP") for depositing its shares in escrow for the purposes of its initial public offering. The Company identified in the financial year 2020-21 that 794,489 shares were transferred by the DP (500,000 shares in 2011 (which translated into 1,000,000 shares pursuant to a bonus issue undertaken by the Client in 2017) and 294,489 shares in 2020) from the Escrow Account to the DP's own demat account and to a third party's demat account through an off-market transaction without any authorisation from the Client and without knowledge of the Company. The Board of Directors of the Company after considering legal advice purchased 1,294,489 shares and transferred these shares to the Escrow Account of the Client on a 'good faith and no fault' basis, after reducing the amount payable upon redemption, in future, of the Redeemable Preference Shares issued in October 2021, by INR 300.00 million. The dividend received on such shares by the Company in the financial year 2021-22 of INR 4.08 million was also transferred back to the Client.

Intimation letters were sent to the Client and SEBI on 15 November 2021 informing them of transfer of shares to the Client's Escrow Account and refund of dividend to the Client. Further, the Board of Directors of the Company after considering legal advice, approved payment (based on an estimation of potential losses that may be suffered by the Client) by the Company to the Client, for the purpose of settlement of any potential claims by the Client (including dividends on such shares for earlier periods). The Company will initiate proceedings against the concerned parties, including certain minority shareholders, for recovery of the amount paid and payable by the Company to the Client in connection with this matter upon completion of final settlement with the Client. Considering the assessment of recoverability, the Company has made a provision of INR 71.15 million as at 31 December 2022. Pending the final settlement of terms to be agreed with the Client, the Management has measured the provision at its best estimate.

6. During the quarter ended December 31, 2022, 1,659,816 number of employee stock options (Nil for the quarter ended September 30, 2022 and December 31, 2021) were exercised by the employees/ ex-employees of the Company. These options are yet to be allotted. The total outstanding employee stock options as on December 31, 2022 were 6,018,908 (March 31, 2022: 6,502,563).

7. Enforcement Directorate (ED) vide its order dated September 24, 2021, has instructed the Company not to facilitate the alienation/ sale/ creation of any lien or liability in respect of equity shares held by certain shareholders. On March 11, 2022, the Company has received Provisional Attachment Order No. 06/2022 dated March 08, 2022 issued by the Deputy Director, Directorate of Enforcement, Hyderabad Zonal Office ("Attachment Order"), whereby the ED has provisionally attached the equity shares held by those shareholders. Additionally, to the Company's knowledge, these shares are subjected to an encumbrance in favour of certain lenders of those shareholders.

Company has received a letter dated December 09, 2022, from the Office of Additional Director, Directorate of Enforcement, Hyderabad Zonal Office on December 13, 2022 ("Authority", and such letter "ED Letter"). Pursuant to the ED Letter, the Authority has communicated that the attachment made pursuant to the provisional attachment order dated March 08, 2022, has been confirmed by the Adjudicating Authority (PMLA), New Delhi vide its order dated December 1, 2022.

8. These standalone financial results along with the review report of the statutory auditors of the Company are being filed with the BSE Limited (BSE), National Stock Exchange of India Limited (NSE) and are also available on the Company's website.

For and on behalf of the Board of Directors of

KFin Technologies Limited

CIN: L72400TG2017PLC117649

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Sreekanth Nadella

Managing Director and Chief Executive Officer

DIN: 08659728

Place: Goa

Date: 10 February 2023