

Chairman's message



Vishwanathan Mavila Nair
Chairperson and Non-Executive Director

Dear Stakeholders,

It gives me immense pleasure to present our first annual report post public listing. I express my heartfelt gratitude to all the shareholders for the faith shown in our business model and vision. Your support has made our offer for sale successful. It is a momentous occasion for us, and would be pivotal in our next phase of growth and expansion.

The recent times have been eventful for the capital market ecosystem, marked by sustained disruptions from new technology introductions, innovations in asset classes and increased volatilities. Yet, backed by our technology excellence and market knowledge, we continued to grow our market leading position and emerged stronger. The strength and enthusiasm to do this and beyond, is driven by the trust bestowed upon us by each one of you. We are delighted to have you as partners in our endeavors and remain committed to delivering value sustainably over the long term.

Built on a solid foundation

KFintech is a young, dynamic and enterprising entity with technology and innovation at core. Starting with a humble beginning by providing issuer solutions, our team has exhibited great vigor to expand operations beyond boundaries and traditional asset classes. Our business today spans Investor Solutions covering domestic mutual funds, international investor solutions in Southeast Asia and beyond, alternatives and wealth management, and pension services. We offer Issuer Solutions to corporates in India. We also operate a center of excellence for one of the world's largest registrars to provide outsourcing solutions services in mortgage, legal, F&A, and transfer agency through Global Business Services.

Our journey thus far has been fulfilling with several milestones. Allow me to highlight a few accomplishments.

We are the largest investor solutions provider and registrar and transfer agent (RTA) in India and amongst the largest

globally, handling nearly 230 million folios between mutual funds and equity. Our value delivery excellence has resulted in 15 out of the last 22 new asset management companies in India, choosing us to manage their operations. With this, we are today the largest service provider to domestic mutual fund industry in India and have 26 out of the 45 asset management companies as our clients. We take pride in serving four of the top 10 AMCs (by size) and six of the top 7 fastest growing AMCs (by percentage).

In the Issuer Solutions business, we are market leaders with an impressive 47% market share by market cap of NSE 500 companies. With over 5,300 corporate clients, including unlisted and listed companies, we have solidified our position as a trusted partner. We hold the distinction of being the first and the only investor solution provider in India having international operations.

Orchestrating new engines of growth

Domestic mutual fund investor solutions and issuer solutions have traditionally been our key growth drivers. However, in cognizance of the rising significance of financial services we have strategically expanded beyond. We have carefully and purposefully set-up new growth engines in high growth potential areas. This includes expanding internationally and diversifying to newer asset classes of alternatives, pensions, private retirement schemes and bond markets.

These younger business areas are registering faster growth, helping us reduce dependency on the larger businesses. The progress made in the international investor solutions business, alternative and wealth management, and pensions services has been encouraging. We have expanded our client base across these new segments on the back of strong business development efforts and wins from our recently started GIFT City operations. We have also expanded beyond Asia by securing our first client in Canada, leveraging the strength of our recently acquired fund administration platform company, Hexagram. Our international operations now span across

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Domestic Mutual Funds

won **15** of last **22**
new AMCs as clients

Issuer Solutions

47%
market share by market
capitalisation of NSE 500
companies

Hong Kong, Malaysia, Philippines, Indonesia and Canada with Thailand and Singapore soon to commence operations.

Overall, in FY 2022-23, the international and other investor solutions businesses grew by 34.69%. The share of non-mutual fund revenues stood at nearly 31%, up from 28% in the previous year.

Differentiating with technology

We have been an innovative company, and attribute our success to the differentiation and robust operating model that we have been able to create through it. Our modern technology stacks are setting new benchmarks in service offerings, and are scalable, cloud-ready with multi-geography suitability. Additionally, we have developed over 20 value-added products and services in the last 4 years, including two new launches in FY 2022-23. Many of these offerings are industry-first and sector-agnostic, providing enhanced customer experience and optimizing operational efficiency and costs, thus assisting our client's growth. We are effectively monetizing them directly or indirectly through cross-selling and up-selling opportunities.

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Being a purposeful organization

We are aware of our responsibilities and ensure operating with a clear sense of purpose in full compliance to ESG standards. Our dedicated efforts have won us the coveted overall rating of ESG-RISK A for the period ended March 31, 2022 (assessment for FY 2022-23 is in progress). This positions us as the best company in our industry, among the 19 issuers, and the second-best company overall among the 616 issuers. The rating establishes our leadership in ESG practice and in managing material risks.

Board independence, business ethics and data privacy & security are areas where we have excelled. On the environmental front, we have reduced GHG emissions through energy efficiency measures alongside ensuring effective waste and water management. On the social pillar, we have steadily progressed towards becoming an employer of choice with efforts around equal opportunity, safety and training and development. We collaborate with institutions including schools and colleges to support youth in education, innovation, technical skillset, financial literacy, fine arts, restoring bio-diversity etc. On the governance pillar, we have worked diligently towards enhancing ethical practices, compliances, transparency and accountability, and protecting the rights of our stakeholders.

We remain committed to continually improve ESG practices, and secure our long-term sustainability.

Powering long-term growth

We see significant opportunities both in India and our International markets. Indian economy is rapidly growing, with rising per capita income, increasing financial awareness and interests from global investors. This has increased activities in the capital market ecosystem, and we see continued expansion and financialization.

The international markets where we have established a presence offer even more exciting prospects. The overall assets under management in the South-East Asia market is double that of India's, with limited third-party service providers at scale and a growing affinity for outsourcing services like transfer agency and fund administration together. The capital markets here are equally attractive and expected to witness traction. The global fund administration market is poised for significant growth driven by expansion of the global alternative segment. With increasing product complexity and globalization, along with the need to adhere to complex regulatory changes and meet demand for automation and real-time information, the role of third-party fund administrators like KFinTech shall become increasingly crucial.

We are determined to grow, supported by our solid established business model and best-in-class technology platforms, products, and people. As market leaders, we also understand our responsibilities and remain committed to enabling a healthy capital market ecosystem across our regions of presence, to benefit all stakeholders including our customers, the distribution channels and the investors.

We are confident of the long term, and will continue to invest in technology, processes, business development

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and attracting the right talent to further strengthen our performance. We will continue to explore organic and inorganic growth opportunities, adding value for our clients and investors. We have a proven track record of undertaking strategic acquisitions and effectively integrating and growing them. Last year, we acquired Hexagram, a specialist in fund administration solutions. Since then, we have enhanced its portfolio to offer end-to-end fund administration. It helped us win new clients in India and global markets and positioned us as a preferred global fund administrator.

Continuing the journey, we made two new strategic acquisitions. In March 2023, we have invested for a minority stake in Fintech Products and Solutions India Private Limited that runs the TSP, MoneyOne, and is the licensed owner of OneMoney, India's first Account Aggregator (AA) with over 40% market share. In April 2023, we also acquired 100% stake in WeBileApps (India) Private Limited to accelerate our product development in SaaS and PaaS models, deepen our technology finesse in cloud, artificial intelligence, machine learning, UI/UX and mobility solutions

Closing message

On behalf of the entire Board, I once again thank all the shareholders for believing in us. I extend my gratitude to our customers for choosing us as partners and our employees who have been at the forefront to ensure our success. I also thank the regulators, government, capital market participants and industry peers, and reaffirm our commitment to collaborate in driving the growth of the capital market ecosystem and promoting thought leadership.

We remain dedicated to creating long-term value for all our stakeholders including shareholders, customers, employees, Government, and the society. We earnestly seek your sustained support for a better tomorrow.

Warm regards,

Vishwanathan Mavila Nair

Chairperson and Non-Executive Director