

CHAIRMAN'S REVIEW

Letter from the Chairman

 From delivering on our promise of achieving consistent, profitable and sustainable growth, to progressing on operational excellence and ensuring sustained customer and stakeholder satisfaction, we notched many milestones of success in the past one year.

Dear Stakeholders

I am pleased to share with you KFinTech's remarkable journey of FY 2023-24. The collective wisdom of the Management and the Board of Directors and the trust and confidence of our customers and shareholders played a vital role in steering our journey of excellence. I would like to take a moment here to thank each one of them, as well as our talented team and Board members, who efficiently executed our defined strategy to deliver an exceptional all-round performance.

FY 2023-24 proved to be an exciting year for the Indian economy and its market, which demonstrated remarkable resilience despite the headwinds from the global monetary tightening, particularly the US Fed rate hikes. Notwithstanding concerns about the recessionary pressures in other developed economies, India became the fifth-largest as well as the fastest-growing economy globally, giving a strong impetus to the capital markets.



Vishwanathan Mavila Nair

Chairperson and
Non-Executive Director

As the largest investor solutions provider to mutual funds and the largest issuer solutions provider in India, KFintech continued to be a catalyst in accelerating the country's economic growth and steering it towards achieving Honorable Prime Minister Narendra Modi's vision of 'Viksit Bharat'. Our commitment to accretive value creation for all our stakeholders remains unwavering, and we shall continue to work towards maintaining our industry-leading growth and profitability.

Building on our legacy

Our strong foundations are the core around which we are continually building our edifice of unique and differentiated strengths. While our values remain deep-rooted in our culture, the change strategy on which we had embarked about five years ago has enabled a positive transformation in our overall business approach. It has helped KFintech emerge as a stronger and more dynamic entity, with focus on sustained, long-term growth at a global scale. It has also enabled us to play an important role in partnering our clients, helping them to grow faster than the industry.

It is a matter of immense pride for us that we have the distinction today of being the only Indian entity in the capital market industry with diversified businesses, and innovative products and solutions across asset classes in India and overseas. These include products and solutions for equity and bond markets, mutual funds, alternate investment funds, portfolio and wealth management, national pension scheme and private retirement schemes. Our strong domain expertise, innovative solutions and presence across India as well as South-East Asia gives us a distinctive advantage in the global fund services market.

Our share of international and other investor solutions currently stands at 10.6% of our total revenue and is continuously growing faster than the matured businesses of domestic investor solutions and issuer solutions led by our differentiated fund administration offerings for the global asset managers and strong business development efforts across markets leading to new client wins in India and overseas. This year has also been an eventful year for KFintech as we won our first maiden fund administration contract in Thailand, first ever deal from one of the largest custodians in India for fund administration platform, and one of its kind deals from LIC Pension Fund for fund administration platform and digital infrastructure assets. We are continuously gaining market share as the second-largest central record keeping agency of the national pension scheme in India and continue to grow at more than double the rate of the industry growth.

Within the matured businesses too, we continue to grow faster than the industry and gained market share. Our domestic mutual fund investor solutions business has grown significantly on the back of strong growth in our clients' portfolio led by mark-to-market gains and positive net flows into the industry owing to strong participation of retail investors through the systematic investment plans (SIP) route. Within the issuer solutions business too, we have posted strong sustainable growth and continue to consolidate our leadership position with gain in market share led by increase in the number of our corporate clients to over 6,000. We also won marquee clients under Issuer Solutions, like State Bank of India, Union Bank of India, Castrol India, Varun Beverages, Devyani International Ltd and are confident of continuing our track record.

We have two-fold ambition to grow our revenue and profitability. While our focus is to scale up the younger businesses in India and overseas to gain market share, we will also continue to consolidate our leadership position in the domestic investor solutions and issuer solutions.

Pursuing transformational growth

As you would recall, KFintech had strategically embarked on a positive transformation journey in FY 2018-19, with a new and dynamic management team taking over the business under the guidance of highly experienced and independent Board. I am happy and excited to see the transformation yielding exceptional outcomes for the Company. It has led to accelerated measures toward operational excellence for driving business growth and better client experience, both in the domestic and international markets.

Our India businesses continue to see new client wins across our business segments. It gives me immense pride to share that five of the top 10 fastest-growing asset management companies in the country are clients of KFintech today. KFintech was appointed as a share registrar to three of the top five and five of the top 10 IPOs in India with 45.7% market share in terms of mainboard IPOs issue size. Five of the large asset management companies in India, where KFintech is not the Registrar and Transfer Agent (RTA), are using our fund accounting platform.

In the international market, we continue to win new clients across Malaysia, Hong Kong, Singapore, Thailand and GIFT City. These wins demonstrate KFintech as a credible technology-enabled service provider. Our investments in technology and cyber security, human capital, and expansion into new geographies over the last few years have laid a strong foundation for KFintech to become a formidable global player in servicing global asset managers in the near future.

Overall, the revenue of our international and other investor solutions businesses grew by 35.1% y-o-y during FY 2023-24. The share of non-mutual fund revenue stood at 30.0% in FY 24. This underscores the success of our focused efforts to drive diversified and inclusive growth, spanning diverse asset classes, geographies and customer profiles. Our diversification focus has enabled us to create multiple revenue streams and mitigates business concentration risks.

Investing in technology & innovation

As in the past, our investments in technological excellence and product innovation continued to be the key strategic engines driving our future growth. FY 2023-24 witnessed the implementation of several next-generation tech-led process improvements and security measures to delight the customers, who remain central to our value proposition.

A significant part of our efforts and investments during the year went into the creation of differentiated value-added solutions for our clients, especially in the form of Datalake, cloud computing, API infrastructure and advanced analytics, mobility solutions and the entire technology stack. Our team is constantly at the helm of designing innovative solutions as we launched industry-first fully integrated global fund administration platform 'XAlt', trade compliance and reporting platform 'Guardian' to comply with SEBI's insider trading regulations, comprehensive digital onboarding solutions for PMS / PWM clients and many more.

We are proud to have been honored with Bronze Award for 'Digix – KFinTech's Robust Analytics and Reporting Platform' in the Big Data Trailblazers category at Internet and Mobile Association of India's 14th India Digital Awards. We also won three advisory-led wealth management awards at Sahamati Samvaad 2023 for building TSP solutions for easy banking, wealth-balanced portfolio for high-net-worth investors and for mid and low-income investors using the account aggregator framework. We also had the honor of winning our maiden contract from one of the largest private wealth players of India for developing and implementing the Datalake platform for big data analytics.

Our product innovations helped us outpace the industry in terms of new client additions and leveraging cross-selling and up-selling to drive faster growth through value-added offerings. While our technology finesse is helping us to implement process excellence, enable our customers to grow faster, it is also enabling us to empower the industry regulators to generate insightful information and monitor the compliance and regulations being adhered by the respective asset management companies.

I am glad to share that KFinTech was honored by SEBI for developing and implementing the industry-first SEBI Analytics Platform (S.A.P) and Portal for Alerts, Reports, and Analytics for SEBI (P.A.R.A.S) platforms, designed to empower India's apex financial regulator.

Nurturing new acquisitions and deriving synergies

Our endeavors to transform the new acquisitions through continuous integration and extract synergistic value is helping us to add adjacencies, open new markets and fuel growth across our business segments. We continue to see fast-paced growth in global fund administration business on the back of successful integration of Hexagram Fintech Private Limited (Hexagram) with KFinTech. Acquisition of WebileApps India Private Limited (WebileApps) in 2023 has further strengthened our capability in building mobility solutions and other UI / UX solutions for players in the BFSI sector and beyond. With India's alternate asset management industry at an inflection point and upsurging of the global alternate asset management industry, we find ourselves well-positioned to seize the burgeoning opportunity in this space through organic as well as inorganic routes.

Investing in sustainable development

While focussing on business growth, we have also made significant investments in promoting the ESG – Environment (E), Social (S) and Governance (G) aspects of our business in pursuance of our goal of 'growth with sustainability' for all the stakeholders. We have in place well-articulated policies to drive our performance across all the key metrics of E, S and G. These policies are aligned to our unequivocal commitment to ensuring holistic and inclusive sustainable development, as also the United Nations Sustainable Development Goals (UN SDGs).

Our rankings on the key sustainability indices endorse the successful execution of these policies. Our 12th industry position out of 29 issuers, 71st universe position out of 1,112 issuers, as per the ESG Risk Assessment & Insights Report for the fiscal period ended March 2023, bear testimony to our ESG commitment.

Our corporate social responsibility (CSR) initiatives are characterized by a steadfast commitment to effecting profound societal change. Such initiatives are intricately woven into the fabric of our organizational values. We extend vital support to several tribal welfare schools and colleges in India by empowering students in shaping their careers through enriching tours and visits, merit-based scholarships, and essential financial aid for infrastructure development. We are proud to have been honored with Bronze Steve Award in the Innovative Achievement in Corporate Social Responsibility category at 2024 Asia Pacific Steve Awards.

As a responsible corporate, we shall continue to work towards further scaling up our sustainability development ethos in the coming years.

Building upon strong governance

At KFintech, we continue to strengthen trust and credibility with our stakeholders by following the highest standards of corporate governance to deliver fairness, transparency, accountability, responsibility, and adequate disclosures of all material information. Our acts are governed by an independent, professional, and highly experienced board of directors. The respective committees of the Board met at regular intervals throughout the year to discuss various matters which are of critical importance to KFintech and its stakeholders. These committees have an independent oversight on the management's performance and empower the Board members to exercise strong governance and internal controls.

Poised for bigger and better growth

As we surge ahead, we believe that the growth odyssey on which we have steadily progressed over the past few years will continue to get stronger and bigger. Our focus shall remain on further strengthening our competitive edge through enhanced geographical diversification and targeted investments in talent and technology to enable profitable and sustainable growth. Creation of strong risk mitigation, investment in sustainable practices, compliance and surveillance, and strengthening our governance parameters will be our other key focus areas to deliver overall value creation for our stakeholders. We are confident that our track record of identifying value-accretive acquisition and integration will continue to help us capitalize on the growth opportunities across our business segments in India as well as in the international markets.

We aspire to make KFintech the first company from India to become globally relevant in the space of capital market infrastructure. We are extremely excited about the future and shall continue with our efforts to lead a sustainable

growth. This, we believe, is important to ensure that our clients are best served in the industry, not just in India but across the world. Besides growing our footprints across South-East Asia, we have accelerated our efforts towards rapid international expansion. We continue to explore new markets like Middle East and the developed markets of the US and Europe in view of the strong growth opportunities they offer in the alternative asset management space for the global fund administrators.

In this onward journey, we shall continue to focus on reinforcing the foundations of good governance and compliance – the keystones of our internal and external operations and the enablers of our stakeholder approach. I am confident that this focus, together with our strategic investments, will propel the Company towards greater heights of inclusive growth.

Concluding remarks

On this positive note, I would like to thank all the shareholders, on behalf of the entire Board, for their sustained trust and confidence in the Company. I would also like to express my gratitude to our customers, employees and partners for supporting and partnering with us in our transformation journey. I would further like to thank the regulators, government, the capital market participants and industry peers, whose collaborative efforts are consistently powering the market growth. The board of directors and the management team of KFintech stand firm on its commitment to work closely with all the stakeholders to ensure continued long-term growth and value creation for all our stakeholders, including the communities around which we operate.

Warm regards,

Vishwanathan Mavila Nair

Chairperson and Non-Executive Director