

**Consolidated responses to the questions raised during the seventh Annual General Meeting of KFin Technologies Limited**

- How are we using Artificial Intelligence to increase productivity and profitability of the company?

As we all know it is still in early days. It's been out one and a half years since the world had been taken by storm in the form of artificial intelligence, most specifically in the form of ChatGPT. We are a B-to-B Company. We are also a B-to-B-to-C in the context of serving crores of investors in India and abroad. We have created a separate Centre of Excellence looking to some of these initiatives, and more importantly, what is the relevance of these technologies for this company to benefit investors had been the question.

We have identified no less than five initiatives for the specific deployment of artificial intelligence, largely in the form of large language models, and how we leverage that to drive Investor benefits. One of that, of course, is directly integrated into the chat, whereby your questions today being responded by emails or when you call a one-time centre or responded through WhatsApp and our messages today is still through human intervention, and the person's ability to respond and resolve as quickly as the system can do will probably always be slightly slower. We are building such models for the benefit of the investors, to be able to get all your service requests and complaints and prevents us responding through the system in real quick time. And of course, that works for us given it is more a machine-driven solution.

But more on a B-to-B, for some of you who are distributors and mutual fund industry and otherwise, one of the larger use case we've been working is to be able to add a significant ease of use of NLP, the natural language progressing embedded into the large language model, so that your question gets answered in plain spin English, instead of giving you a series of reports, which then further requires of you to infer and then take decisions.

In terms of productivity, we are not currently deploying AI with a view to reduce as much as add value to our clients and the investors. I'm sure the time will come when we look to drive more productivity.

That said, you know, with a straight through processing, STP, as I have already called out, is the measure that we are largely using to reduce the dependency on manpower, is not necessarily as much to do with job creation as much as it's our ability to process millions of transactions in the time and the expectations that the investors have.

As you all know, in the last five years alone, the volume of transactions has increased nearly eight times. Today, on any given day, we process anywhere around 60 to 70 lakh transactions just for mutual funds.

As you would imagine, without technology and through STP we would not be able to do it to the expectations of the investor.

- What are the steps taken towards cybersecurity.

With the amount of data we have and investor specific information, including the PII data, cyber security has been the right call out from one of the shareholders. We confirm that this organization is leaving no stone unturned in terms of implementing the best-in-class cyber securities. We have been the first entity in the ecosystem to have outsourced into a tier four and a platinum grade data centre, one of its kind in the world. And we had our DR centre with a different entity in Bangalore and happy to inform, we have moved that to Mumbai, in the context that most of our clients and the regulator being here. And this data centre too is Tier 4 classified and platinum grade data centre. In addition to that, all the CISO function that we have and the software that we subscribe to ensures that the cybersecurity norms have been adhered to at all point in time.

All the speak aside, what speaks for it is the data itself. Happy to inform you all that in the long years of this organization's existence, we never had a single data breach, and we will continue to keep the track record.

- Do we conduct energy audit of the branches.

Happy to inform you again that every single year we have a whole third-party energy audit that gets conducted on every single one of our branches. We have expanded our footprint of the branches as well, from 180 to near about 210. We continue to embrace, you know, go local, hyper local. We will continue to expand our branches as we do it, we will make sure that energy efficiency is part of it.

- How many offices or premises are company owned. How are we utilising solar energy for these premises.

We do not have a physical premise on our balance sheet. That being said, it does not stop us from working with the owner of the building to implement solar. Again, happy to inform you that in the ESG component, the environment portion of it, KFintech's Energy Score is amongst the highest in the country at this point in time.

- What % of your workforce is women employees.

Today your organization has about 31% of the total workforce as women employees, even with the leadership cadre as well, there are 10 senior women leaders we have in our organisation. We endeavour to be inclusive, not just from the gender standpoint, but from all other aspects, including physical disabilities, to secular orientation, to what have you.

- Do we plan to conduct physical AGM

We all know that post covid, the trend had been largely to be digital, and many of the shareholders have also appreciated the efforts we have taken, both, as you know, the company which you have invested but also given our nature of work as a registrar, is to be able to provide virtual AGM solutions, is to be to be able to provide that level of convenience for everyone to be where they are and attend the meeting.

Physical AGM is something that we also would love to do in a world of digital. We also would like to meet as many shareholders as possible. In time to come, I'm certain we would look at that scenario and probably have this physical AGM as a composite, and it would be a hybrid, you know physical and virtual happening simultaneously.

- What are we doing for unclaimed dividend in the mutual fund space.

There are roughly about 800 odd crores of unclaimed dividends in mutual fund industry, even as there is about 3000 crores roughly unclaimed mutual fund units, which needs to be traced. It had been the endeavour of all the three entities, the regulator, the asset management companies, and the registrars to identify the rightful owner of these, you know, whether its dividends and or the units, and to be able to make sure the monies go back into their bank accounts.

We have since then created separate mutual fund schemes for unclaimed so that the money continues to accrue, even as we, as the registrars, are finding every ways and means to be able to track and trace these individuals. It should be noted that many of these investors obviously have come through physical route, probably 20 years, 30 years, 40 years back. And you know, their addresses and mobile numbers may not even be existent. So, a deep tracing is an activity we have initiated. We have also on MF central published all the unclaimed dividends for any of the investor who is intentful of going and understanding, if at all, they have anything like this, along with that keeping the credit side as well.

So, we continue to make all efforts along with the government to make sure that we trace those investors. Though we believe that some stakeholders may not be possible for us to be reached out to.

- Whether higher dividends are possible in the near future.

As management, our endeavour has been to put this company on a very high growth trajectory, resulting in high reserves and surpluses. And our capital deployment plan, as I have already explained, is largely to technologically transform this company, which is where a fair amount of investment goes. The second area where the investments of the organizations are, or all the cash is going is towards mergers and acquisitions. And of course, we have initiated dividend declaration as the first time this year.

We have board approved dividend policy, which we will adhere to, based on the company's performance. I'm confident that the quantum and the frequency of the dividends would also be commensurate to the progress of this organization in times to come.

- What is the organization's plan for the next two to five years. What are the key focus areas.

During my presentation, I had called out broadly the new growth areas for the organization. One of that is international. Second is all other alternate asset classes, whether it is AIF, PMS, Pensions and all precipitating towards in the form of a wealth

management in some form and shape. Three, technology and data driven solutions, and your revenues associated with that.

We believe that Indian mutual fund industry is poised for significant growth. We have seen the AUM nearly double in just a matter of 15 months. Every research, external research report points to our AUM crossing a trillion dollars in the next 18 to 24 months and thereafter, making new highs year after year.

Being in an industry who is instrumental in managing it about 60% of all the mutual fund houses, we believe that our future is secure, and we are confident of growing along with our clients. Our commercial model had always been to partners, both the gain and the pain of our clients, which is the reason why we are always allowed to partake in growth momentum and growth spurts, such as what we see thus far.

And the issuer solutions with the IPO market being remaining rock solid and financialization as a theme being driven where many Indians no longer look at bullion and real estate and fixed deposits to be the only investment mechanics, and are moving into financial markets, obviously, is going to augur very well for many a different company, their ability to raise capital from the market is quite high, and hence you would see many more IPOs to come through into the years to come.

And just as importantly, our transformational abilities to offer significantly new solution to the existing corporates as well. We are very confident we'll be able to transition on several large corporates into KFinTech's fold and to the family into the coming years.

So broadly, the traditional businesses, which constitute near about 75% of the KFinTech's revenue, we believe that they have the ability to grow around 18 to 20% based on what we have seen in the historical past, and the trends that we see based on the Budget and Economic surveys that we are seeing. The younger and the faster growing businesses, which is the International, the alternatives, the pensions and the tech, if you see, in the last 24 months, we have seen a growth momentum upwards of 35% of course, starting from a small base, of course, you know, one expects, a percentage growth of such a nature is possible. We believe that we would be in a position to maintain that consistency.

Sometimes the contracts in international arena tends to be protracted, and ergo timing could be a bit of a question, not definitely the opportunity that exists, and our ability to convert that opportunity into real benefits for this organization.

So, we expect continued and enhanced traction in our younger, faster growing businesses. Mature businesses to growing in a pretty rapid growth, mid - late teens to early twenties if possible.

And in terms of the margins, with continued focus on productivity, straight through automation and putting tech first, we have moved a lot of our data onto cloud. We have embarked on a very important transformational project whereby we are re platforming our core ERP to be able to serve not just the current 100 million investors, but the next 100 million investors as well in near time, even as the transactions, the data and the volumes are expected to grow at least 10 times in the same amount of period.

So, growth would come largely from almost all ends of businesses, we are not necessarily looking to enter any new business.

- What should be the future growth expectations.

I've already covered that. You know, in the near term to medium term right now, we see only tailwinds at the moment. But of course, this is financial services. There will always be cyclicalities, and that is one of the reasons why we have diversified our business portfolio, not just to be entirely dependent only on Indian markets or only on Indian mutual funds, but to be able to securely grow all other businesses which may not have specific dependencies on the market.

- Are we planning any M&A in the near future. And how is it going to benefit the company.

It has been the stated philosophy of this organization as a mentor and blessed by the board to look at opportunities to grow through inorganic route, as much as organically to grow the business. And our M&A strategy underlies a certain philosophy which requires us to look from the lens of, are we looking at companies to consolidate our business, which means acquiring companies in the similar line of business that will help us to drive depth and gravitas to a particular line of business. Second to start a new geography altogether. And I have already explained we started our international expansion through an acquisition in one of the Southeast Asian countries. And in the map that I had presented, we continue to look at both buy versus or buy and build strategies simultaneously, to see how we can expand. So that is international expansion. Three, enter into a line of business where we hitherto did not have any specific expertise. Good case in point could be Hexagram, which helped us to have and build a credible fund accounting and fund administration capabilities in very limited period of time.

And executing to the strategy and philosophies are very key things. We have been fortunate enough to have identified assets every single year. In the previous five years, we have not just acquired we have integrated them successfully, both culturally as well as technologically. And I'm happy to inform all the shareholders that all the acquisitions we made thus far have not just owned profitable, but they have also reached similar margin status as much of our make sure businesses, if I may. And in time to come, we expect the momentum to grow further.

- How do you see the trend in investment changing.

Well, I've called that out so as the wealth of any individual increases, and not just in India, in any part of the world, you know, you would move from being a net borrower of money to someone who's saving some money in a bank account.

And one would very soon realize that the return that you are getting is not adequate to meet the inflationary requirements or the Inflation of any country, and hence you would then gravitate towards investments into mutual funds. And from an investment standpoint, mutual funds probably offer the best solution in terms of diversifying the risk

and having been, you know, exceedingly well supervised and regulated by our country's market regulator.

So, it is only natural and expected that there is more money moving into the mutual funds, and I expect this trend to continue. But this may not necessarily be at the cost of any other asset class or the other asset classes are not receiving its right share of money. We believe that, you know, the fixed deposits would grow in tandem in time to come, for various other reasons, the RBI would intervene as well.

- Are we listed on any domestic / international ESG platform?

ESG is conducted by a third-party assessor, who has a specific status, and they are licensed to conduct such assessments. As we all know, under the BRSR, top 500 companies listed on Indian stock exchanges are obligated to have an ESG assessment done, and consequently, we have been getting our assessment done for the past 2 years. In fact, even prior to being a listed entity, we were always very keen to follow the principles and the underlying themes behind ESG. And ergo, voluntarily we had an ESG assessment done even before we got listed as well. So, the report that you would have seen, or you were seeing about the company's performance is by independent third-party license assessor. So, to that extent, all such results will be found in that particular assessor's website.

- Out of all the business segments, which gives us the highest revenues, best margins and where would the growth come from in future.

I've already covered that broadly on our mutual funds and issuer solutions business, the mature businesses, usually such businesses don't tend to necessarily grow around late teens, but we are happy to, one, be in the line of business which is growing, and two, orchestrate that amount of growth by consistent market share expansion, even as the other younger businesses you know we hope to continue to expand the growth percentages we've seen in the past few years, which is over 30 plus.

- Who are our main competitors in the domestic & international market. And what is our market share.

In the domestic MF business, CAMS is our main competitor. We hold 32% market share in terms of AAUM and they hold the remaining 68%. On the issuer solutions side, our market share is 46% based on market capitalisation. LinkIntime is the second largest player with close to 35% market share. On the domestic alternatives side, we hold close to 36% market share and compete with many other players including bank based fund administrators, platform players, etc. On the NPS side, Protean is our biggest competitor with 92% shares, we have 8% market share and are the second largest player.

In the international market, we compete with either the in-house captive teams or small regional platform players or large bank based custodians who bundle fund administrations together with custody.

- Any value unlocking plan by demerging and listing any business segment / subsidiaries.

Thanks for that input, and we will definitely consider this. M&A strategy also considers not just the merger, but also the demerger aspects of it. But we all believe that, you know, we are still young as an organization, growing, and we will wait for a day when each of these businesses become materially large enough for us to look at our demerger as a solution for us to try significant wealth creation, and that would happen as the organization would naturally expand into the coming years.

- How much is your revenue from IPOs?

IPO in itself is not such a high revenue generating activity. What it essentially does is, it adds big chunk of folios to your entire kitty which gives you recurring income every year. Revenue from IPOs is roughly 2% of the entire issuer solution business revenue.

- Impact of recent budget on our business?

There were couple of positive announcements impacting the NPS business. The government has announced introduction of NPS Vatsalaya - wherein parents can open an NPS account in the name of minor. Second, they have increased the tax deduction limit on employer NPS contributions from 10% to 14%.

Apart from these, there were announcements related to change in capital gain tax rates. We don't see this to be a deterrent for people to invest in equities. The inflows in equities are making new highs every month and we see this momentum to continue for the coming years.

- What is the market size for international investor solutions. What is our go to market strategy to scale up this business.

Briefly, I had alluded during the presentation, the market size for fund administration space globally is \$30 million. Today, the combined revenue of the registrars in India is hardly 2000 crores. And you could see the amount of gap that exists between where the rest of the world fund administration revenues are and where we are at this moment in time. So, it is very, very large, even a one percentage gain of the total revenue of the global fund administration space is materially going to move the needle for this organization. And hence, our intent is to be focused in that space. And our go to market strategy for international is not just a strategy, you know, that we are creating, given that we have already done it for the past five years. You know, we looked at every year a specific country, whether it was Malaysia, followed by Philippines, followed by Hong Kong, Singapore and Thailand, and the other geographies that we are aiming to, I have already called it out, but that said, you know, every country has significant amount of clientele that we need to win. So just stepping into the country is only the beginning of our journey, and not the end of the journey. So, we have to maximize our efforts and the commitments we have made, and we will continue to do so in the coming years.

- What was our IT capex in FY24 and budgeted capex for FY25.

I've said that we have only really three uses of our capital. Technologically to transform the company, M&A and dividend payout. And ergo to transform technologically the organization, our efforts both in terms of hardware and creating platforms and solutions which have a significant economic value to the coming years is of paramount significance. The year that had gone by, we spent roughly about 8% of our total revenue on the capex items. Most of that went into data centre driven hardware and associated software to drive cybersecurity, and so on and so forth, as well as a significant platform creation that have an economic value into the future.

The trend for the capex for the coming year, we would expect it to be in the similar range, about 8% of revenue. It must be noted that as our revenue is increasing, the same percentage on higher revenue gives us a little bit more free, a little bit more value to be able to invest in capex for the organization, and also, as we expand internationally and into other lines of businesses, it calls for such an amount of investments into the office spaces, as well as into the technological infrastructure which are required for us to support that particular country from local standards.

- Any new geography we plan to enter in FY25.

Still early days. As I said, in 2024 we started Thailand. Into the next year we are looking at one another country in Southeast Asia, but more keenly looking at Europe to be the place, not necessarily naming the country, because a lot of it depends upon the regulation and the licenses that we need to secure as well from country to country.

- Number of employees pre & post listing.

At the time of listing, KFintech had a total headcount of roughly 5300 employees. Today we stand at about 6000 employees. So, we have provided net expansion of employees to the tune of 700 people. And a large part of this expansion has gone into technology, into new geographies where we have started, and into the new lines of businesses.

Also happy to inform you that we have changed course in terms of our recruitment and engagement philosophy vis a vis employee. Today, we have partnered with universities across multiple cities. For example, in Bhubaneswar, we have a centre of excellence for data and analytics. We are partnering with the local universities, creating FinTech curriculum, training the students and offering them employment in our own organization, and ergo, they are able to scale up really quick. And not just that. I think the breadth of the nature of the work that KFintech does probably offer some of the most unparalleled expertise and experience that any fresher would get in this country. And we are continuing and had been a very successful model for us in Orissa, we have started now the same in Andhra Pradesh. We have already started in Gujarat as well, and hopefully, very soon in Maharashtra too as well.

So broadly, the headcount expansion is happening across the locations, across the country, and across the type of services that we render.

- Why did the company exit the account aggregator business.



We look at account aggregator as an underpinning data commodity layer on top of which we can add significant value to a plethora of ecosystem players that could be banks, that could be insurance companies, mutual fund companies, asset managers, distributors, and so on and so forth.

So, we have partnered with nearly every account aggregator in the country today, and are working as a technology solutions provider to many of the entities that I spoke about in a situation such as that, we did not see the relevance and the necessity to be an account aggregator of ourselves, and we felt that was a distraction. And from the standpoint having identified the right partnership and the alliances that we have built with everybody else and the platforms that we have launched, we are confident that our strategy is in the right direction, and shareholders wealth accretive.

Case in point, we have launched a platform called Guardian, the first and the only platform in the country which is designed specifically to address the Insider trading and related issues and challenges. And is the first composite solution which has account aggregator integrated and embedded into the entire depository ecosystem. So, despite not necessarily being an account aggregator, we're able to create better solutions, and we believe this is the right strategy going forward in this line of business.

- Is the company planning for a stock split

A stock split can be a strategic decision to increase liquidity and make shares more accessible to a broader range of investors. While it doesn't inherently change the company's overall value, it can enhance trading activity and potentially attract new investors.

Ultimately, our focus remains on long-term growth and creating shareholder value. We will continue to evaluate all options, including stock splits, as part of our broader strategy.

- What are the various employee benefit schemes. And what are the measures taken for women empowerment

From an employee benefit standpoint, KFintech looks at a holistic compensation strategy in terms of cash, in terms of ESOPs, which provide the stock options and the wealth creation opportunities for other talented individuals who are partaking in the growth of the organization, as well as the investor wealth creation. In addition to that, our rewards and recognition also takes care of the software aspects of it, in terms of providing some really cutting-edge technology and learning capabilities. Learning and Development is a very important facet of our organization as well where we continually invest both within the organization as well as partnering with other universities, as I already called out. You know, we also create a curriculum for the universities, and, you know, train them, as well as our employees, along with that, and as a company that is growing, not just in India but across the world, the employees also have the opportunity of learning, not just other countries, fund administration business, but also have the ability to re domicile themselves. For example, last year alone, we had 15 employees moving from India to work out of Kuala Lumpur in Malaysia. So, the opportunities to work in a global ecosystem. So

the compensation is beyond just the cash and bank, but a very holistic one that we look at.

From a women empowerment standpoint, I've called out 31% of our total head count we have women employees. Many of you have attended several AGMs of the corporate India, and most of the moderators are women. In leadership team also, you know, has near about 10 women leaders that we have at this moment in time.

We have a series of programs that are conducted within the organization. One such program is called S3 (Stree), for example, you know, which provides the mentorship for women to not just to get into managerial position, but also take the entrepreneurial positions within the organization with a view to groom the CEOs of the future.