February 03, 2024

CS&G/STX/MQ2024/19

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

Scrip Symbol: KFINTECH

2) **BSE Limited**
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001

Scrip Code: 543720

Sub. : Transcript of Earnings Conference Call

Ref. : Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations")

Dear Sir / Madam,

Further to our letter reference no. CS&G/STX/MQ2024/09 dated January 18, 2024, pursuant to Regulation 30 and other applicable provisions of the LODR Regulations, please find enclosed herewith the transcript of the Earnings Conference Call held on January 29, 2024, in respect of the standalone and consolidated unaudited financial results of the Company for the quarter and nine months ended December 31, 2023.

The transcript can also be accessed on the Company's website at the following link:

https://investor.kfintech.com/financials/

This is for your information and records.

Thanking you,

Yours faithfully,

For KFin Technologies Limited

Digitally signed by ALPANA UTTAM KUNDU
Date: 2024.02.03 10:18:23 +05'30'

Alpana Kundu
Company Secretary and Compliance Officer
ICSI Membership No.: F10191

Encl.: a/a

“KFin Technologies Limited

Q3 FY ‘24 Earnings Conference Call”

January 29, 2024

MANAGEMENT: **MR. SREEKANTH NADELLA – MD & CEO**
MR. VIVEK MATHUR – CFO
MR. AMIT MURARKA – HEAD IR

MODERATOR: **MR. DEVESH AGARWAL – IIFL SECURITIES LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to KFin Technologies Limited Q3 FY24 Earnings Conference Call hosted by IIFL Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Devesh Agarwal from IIFL Securities Limited. Thank you and over to you.

Devesh Agarwal: Thank you, Muskaan. Good morning everyone and welcome to the Q3 FY24 earnings call of KFin Technologies Limited. From the company, we have Mr. Sreekanth Nadella, MD and CEO, Mr. Vivek Mathur, CFO and Mr. Amit Murarka, Head Investor Relations.

I would now hand over the call to Mr. Sreekanth for his opening remarks which will be followed by a Q&A session. Thank you and over to you, Sreekanth.

Sreekanth Nadella: Thank you so much, Devesh. Very good morning to one and all. It's a great day, bright start to our new quarter. I thank my management team who are part of the call as well as everyone who's contributed to the continual growth of our organization. Over the next 20-25 minutes, I would cover the broad business highlights. I would at which point in time, hand it over to Mr. Mathur to cover the financial aspects of it and we'll then leave the floor open for questions.

I believe the investor presentation could have been circulated broadly. The results that were declared the previous week. On Friday, we continue to deliver to our promise and commitment of meaningful growth, profitable growth and a growth that is sustainable and one that is getting de-risked with each passing day.

Risk here being the cyclicalities that a market brings, the cyclicalities that a particular asset class may bring, the cyclicalities that any particular geography or a country could bring. As I had explained back in the day, our strategy had been to be able to diversify into every financial asset class.

You would recollect that we are the only entity in the country who manage the capital markets from the standpoint of issuer services on the equity and the bond markets, mutual funds, alternate investment funds, national pension system, private retirement schemes and we do this in India and in Malaysia, Philippines, Hong Kong, Singapore and now Thailand to start.

Just a quick overview in terms of the financials that we have delivered thus far. The Q3 will be ending December 2023. Our revenue clocked growth of 16% year-on-year and EBITDA growth at 21% and a margin percentage nearing 45% and a PAT worth of 25%.

This is despite certain one-off episodical expenditure that we continue to incur in the context of our aspiration to deliver similar solutions and value proposition to many other countries beyond India. If you were to adjust it for the one-time such expenditure, we believe our growth would have been higher than what is currently clocked in. We are extremely satisfied with the growth of the controllable components of the income, especially the value-added solutions which has grown near about 60% year-on-year and today occupies near about 6% plus of the total revenue profile and one that is growing really fast.

This is where a significant amount of the company's effort had been to be able to create differentiated solutions for our clients especially in the form of data, cloud, the API infrastructure, the analytics associated with that and the entire CRM stack so to speak.

Our share of non-domestic mutual fund business as I've called out in terms of the de-risking strategy that we've adopted stands at 31% for the period ending 31st December and one that is continuing to grow faster than the more mature businesses of mutual funds and issue solutions.

Mutual fund business itself had grown on the back of significant net flows into the industry, a massive spike in SIP which is a very very important parameter to judge the health of the financial asset class because that is the sticky retail investment book that has nearly doubled over the last 1.5 years or so.

KFintech on the other hand continues to grow while industry itself has been growing. We have been outpacing the industry in the context of having several more clients in the industry and also the faster growth profile of our clients. For example, 6-out-of-the-10 fastest growing asset management companies are with KFintech.

We have been playing our little role to help our clients grow faster than the industry. We are yet to clock revenue from some of the newer asset management companies which have gone live in the recent past that includes Bajaj Mutual Fund and Old Bridge which has just gone live in the preceding quarter. Our overall AUM grew at 22.7% vis-a-vis 22.2% for the overall industry. We have gained about 30 basis points of market share in the preceding quarter on the overall AUM standpoint.

From an issuer solution standpoint which is the other larger and the traditional and the vintage business that we have, we continue to expand our profile of the corporate clients. 170 new clients have been added in the preceding quarter taking the number closer to 6,000.

Our market share of the NSE Finance companies by market cap stands about 46.5%. Added near about 5 million folios as we all know our revenue profile for the issue solutions is a factor of a unit price on the number of folios.

Hence, expansion of IPO market, expansion of retail investor participation into the company, all of that goes on to help our business to grow in a fairly secular manner. We have managed near about 46% of all the main board IPOs from the standpoint of the market share which is a very critical parameter to be considered in terms of the revenue growth of any organization.

We have managed five out of the top ten IPOs. We have also orchestrated several transitions from the industry into the organization even as we are hoping to hear some positive news from several others in the coming quarter. Outside of these two, it's an actual expansion story that had been differentiating KFintech.

The last we spoke the total number of clients we had were 50. It has now been increased to 54. In the last meeting, I have spoken about two letter of intent received from two clients from Malaysia, one of which has been converted into a signed contract and transition has begun.

One of the other has transitioned in the form of a letter of award for the contract which should be signed in the coming weeks. Four of the transactions which started in Q1 and Q2 are due to go live into February and March, which effectively means the revenue for four additional contracts will start to kick in into the Q1 of Fiscal '24-25 onwards.

We are hopeful to see a turnaround of the markets in Southeast Asia which as we all know have been reasonably tepid with the mark-to-market gains, hopefully to be received into the Q1 onwards.

Our growth in the international market hopefully will grow much faster than what it had been thus far. This particular segment of international and other financial asset classes that includes alternatives and pensions has grown near about 30% year-on-year, as against 17% for mutual funds and about 20% plus for financial solutions for the same period year-on-year.

We continue to win several alternate investment funds. We have added two new GIFT City clients in Q3, taking our total tally to about 16 and we continue to have land and expand in the existing clientele which helps us to win a new scope of work for an existing client in Malaysia and one in the Middle East as well.

Our intent to grow the fastest growing asset class currently in India which is alternate investment fund, you know had been paying us rich dividends. We today have 455 funds of which there are at least 100 plus funds which are yet to draw on the capital which is a critical trigger for our revenue which effectively means that our revenue growth of nearly doubling from the previous year to now, you know will only expand as many of the other funds who have already signed up with us start drawing the capital and investing from there on.

We have won several new clients. Some of the names include additional funds coming from Nippon, MOPE GIFT and ASK so on and so forth. And I had been saying and I'm very excited to share with this news of a brand-new platform we have created called XAlt which is the only at-scale cloud solutioning alternative specific platform that has been created which is a fully integrated transfer agency fund administration solution overlaid by digital CRM and analytics.

We believe that this is a game-changer initiative and a platform that will help us to add significant value to our clientele and their investors and the entire distribution of fraternity along the way and this platform is also multi asset multi geography multi lingual as well and multi-currency which effectively translates it to be a platform that is ready for the world and not just India, but made in India nevertheless. The last of the asset class we are looking to is the national pension system.

We have been outpacing the industry by a factor of two for the past three years. We have grown 25.3% year-on-year whereas industry grew about 12% broadly. We have expanded our total market share close to 8%. We all must recognize that we started this line of business just about

4.5 years back and from nothing at all today we are nearly 10% of the total pension subscriber base and most of it coming from the private sector where it is not mandatory so to speak. We continue to double down our interest and investment into the national pension scheme as we believe it is one of the very important asset classes every Indian should invest in to take care of their retirement plans.

Quickly moving on the overall India performance it is not lost on anybody so I would not dwell too much into it except to tell you all that every asset class whether it's equity, IPO markets, bond markets, mutual funds, alternatives and every parameter points to an elevated interest levels, participation by the broader population of the country, expansion of FII, FBI investments into the country, as well as certain demographic dividends that are helping us and will continue to help for a foreseeable future.

For example, every single year about 75 lakhs new invest or new Indian citizens turn major earlier being minor which effectively translates to many of them wanting to invest in financial asset classes as a strong participant in the capital market ecosystem and somebody who's doing pioneering job in driving ease of doing business for new investors onboarding them and providing the ease to transact.

We believe that you know several new millions of investors will come into the industry as has been the case over the past two to three years. And a lot of that would flow in the form of SIPs which is a very sticky retail book and that I think is the harbinger of far greater growth for the entire industry and not just mutual funds, but including for equities and the alternate investment fund as well.

The registration of the new alternate investment funds with SEBI had also been a significant expansion. There's been 20% jump in the new funds that have registered a year-on-year. And that's sizable, if you speak in the context of number of funds itself and the amount of capital that they could draw down is obviously a factor of the value proposition each other fund manager has to offer. We are privileged in order to have some of the largest and the marquee asset managers of the country being both our clientele as well as investors in some form or shape.

KFintech’s growth very specific to mutual funds had grown about 22.7% as I already called out compared to 22.2% in the industry level. We continue to have even a sequential growth of 5.5 vis-a-vis industry at 4.7% on the overall AUM. There has been a slight reduction in the equity component of our market share that is largely on the back of several of our clients driving a paradigm shift in the form of assets to be a significant growth factor both for the client themselves and for the end investors so to speak.

So, it is a very welcoming paradigm shift, not a paradigm shift, but a shift that augurs very well for the industry as low-cost expense ratio products help the investors and the broader participation of them into the market from here on. We have managed near about 45% of all the NFOs and near about 50% of the fund mobilization that happened in the industry came from KFintech 's clients which is obviously very good in the context that we manage 32% of the total market share.

Fund mobilization however is at 50% of all new funds that have happened in the industry into this quarter. I hope and I wish my client will have far greater number of NFOs and a successful one to get into the coming quarters. The transaction volume continued to expand at a faster pace as compared to the AUM which is understandable.

That just explains the nature of the business and that is one of the critical reasons why we've been continually investing in technology infrastructure cloud computing capabilities to be able to future proof our business to make sure that our clients are best served in the industry not just in India across the world.

Today we are happy to also tell you that four out of the top ten asset management companies are with KFintech. Just about six quarters back we had just one, I think, to today we have four of them. With this continued faster growth and the velocity of our clients we hope to have a parity into the next two to three quarters so to speak. MF Central a joint initiative created with CAMS and us has gained significant traction into the previous quarter.

We had about 7 million, 6.5 million hits in Q3; and one, that's been going faster and the value proposition together what we're able to offer to the industry is expanding with each passing day whether it is loan solution, business solutions such as loan against mutual funds to cash API's to being able to provide investor the best in class services is what this initiative is all about to drive ease of doing business and we believe we have a lot more to offer in times to come together.

On the issuer solutions just quickly going back the market capitalization as I've already called out, as of December 2023 is about 46.5% in the Nifty 500 clients. We continue to add both listed and unlisted companies and orchestrate transitions. We have recently transferred Usha Martin Limited group from one of the competitions into KFintech and we're in conversation with some more and hopefully they're fructified into the coming quarter.

On the international business as I've called out, we've added four new clientele and with the market turning around in many parts of the Asia I hope that we'll have a faster growth and traction. As we speak there are close to $20 million worth of pipeline that is there and has passed the technical and the functional round, meaning, they are into the commercial round and should anytime fructify. There would be a step-up growth into the international business in which we hope to see in time to come.

Our acquisition of the fund administration company called Hexagram has been helping us, direct growth into the organization as well as its significant impact of helping KFintech to be the only provider who have a fully integrated, made in India, TA, FA and additional platform together offering absolutely unparalleled solutions and services with a single point of contact and someone who can deliver all the services that are required for a fund manager.

Alternatives, I have already covered that space. On the value-added solutions I just want to take a minute and call out our growth of 60% year-on-year is something that I hope to maintain as a trajectory into the coming quarters and years.

Happy to announce that in just the last one week to ten days itself, we have signed three medium to large-sized contracts purely in the space of tech that is the data lake creations for our and other clients as well and we are expanding, taking these offerings beyond the traditional asset management space into the broader BFSI sector including other capital companies as well.

So that is a news that augurs well given the context of the number of companies which are into the lending are quite substantially larger than the number of companies who are in the asset management space. We are also nearly done with our wealth management platform which we hope and aspire will be the platinum standard for the wealth management industry in times to come. With this I would hand it over to Vivek to cover the financial performance.

Vivek Mathur: Thank you, Sreekanth. So, the financial performance has been strong in this quarter and YTD ended December 23. We have seen an increase in revenue by 16.3% while in the domestic mutual fund business the average AUM went up by more than 19%. The revenue went up by about 14% so we had the telescopic pricing impact.

Although the overall yield still remains range bound it is about 3.8 bps. So, we operate in 3.5 to 3.9 bps sort of a segment, and this is something which continues to remain strong and as Sreekanth mentioned VAS revenue continues to grow.

Overall, even on sequentially on quarter and quarter also there is a growth of 4.7% and our business mix continues to remain similar as we have been mentioning about 66% from domestic mutual fund and then about 3.4% within mutual fund because of VAS services so overall about 69%. Issuer solutions continues to be about 15% to 16%. International and other investor solutions is about 10% which was about 8.8% last year same period of nine months.

Within that, we are seeing that the overall businesses in AIF and wealth continues to grow it is about 5% as compared to about 3.8% within that 10% and rest is about GFS and small businesses like NPS and Webile. And there is tremendous growth in terms of segment business as AIF has outgrown all other businesses. It has grown off in terms of year-on-year growth by almost 86% as compared to rest of the businesses growing in mid-teens a little higher as compared to the AIF business.

We continue to remain focused on growing our international and other investor solutions business as Sreekanth mentioned. We are we have got new mandates in the current quarter besides the last quarter even in the current quarter which will actually get fructified in terms of contracts and you will see exchange information being filed as and when we get the letter of mandate. So, we remain buoyant about the international business growth.

Overall expenses have also gone up in terms of overall expenses there is a growth even on quarter-on-quarter there is a growth if you see, and we feel that the overall expense growth is more fuelled by our people's strategy of getting best of the talent and retaining them.

Overall expenses have gone up by 7.4% year-on-year and 3.3% quarter-on-quarter and that is something we feel the retention bonus paid to the employees and attracting more employees in growing businesses like AIF and also because number of transactions have gone up substantially as Sreekanth earlier mentioned.

We have strengthened our audit and surveillance team, and we hired more people there besides hiring more people in AIF operations. So, within the quarter, we would have hired almost more than 120 people in these businesses and support functions to make them stronger which has resulted in slightly higher employee cost, but that is not something which will continue ever after. This is sufficient to take care of the growing volumes.

As a result of that the EBITDA has gone up and touched 43% versus 39.9% last year same nine months period and it's almost in -- touching distance of 45% for the quarter. PAT has gone up by 23.7% year-on-year and about 9% sequentially quarter-on-quarter and we are now at 28.2% PAT percentage and quarter ended with 30.6% PAT percentage.

Diluted EPS has gone up to INR10, which was INR8.2 last year. Now we are sitting on cash and cash equivalents of more than INR313 crores. This is after repayment or buyback of the RPS of INR134 crores, which was paid out at the end of November 2023. So, we have strong cash flows, strong balance sheet.

Net worth has gone up INR2,062 crores which was INR870 crores last year so it's an 18% growth on net worth. Almost INR200 crores up as compared to last year. DSO continues to be in the range of about 65 days, 66 days and we are putting measures to improve it.

Although the overview is just 26 days, but we are getting more rigorous because the diversity of our business into, not just domestic mutual fund, but corporate industry and AIF with new client wins. We are trying to reduce it further internally putting that discipline in. So, this was more about the financials.

Happy to take any questions now the floor is open.

Moderator: Thank you very much. We will now begin the question-and-answer session. First question is from the line of Abhijeet from Kotak Securities. Please go ahead.

Abhijeet: Hi, good morning everyone. Thanks for the opportunity. The first one is on the international slash alternate business. So Sreekanth if you could just again you know simplify for us and maybe break down the revenue pipeline in this part of the business. I think one number that you mentioned $20 million seems like a strong growth runway from where we are today. So little more color here and numbers if possible?

Sreekanth Nadella: Thank you Abhijeet. Very good morning. Yes so, in the international business we have two important, I mean three factors rather. So, winning the deals and obviously hitting the revenue has a certain lead time as I explained back in the day. The last three, four quarters that we have been announcing about the new wins.

Four out of those wins you know are turning into revenue generating you know accounts starting late this quarter into early into the coming quarter. And they are medium-sized asset management companies which will add a decent amount of revenue growth into the coming year point number one.

Second the deals that we have announced in the previous quarter one of them have converted into contract which means that the transition you know has just started. And the other one which is one of the largest integrated asset managers in the form of both private and public mandates in Malaysia.

That contracting process is underway which will be concluded hopefully in the next two to three weeks. And then we will go on to initiate the transition for that which will be a small it will be a short burst activity so to speak. So that's the second.

The third in terms of the pipeline we have a sizable number of clients as is evident you know 54 clients. But obviously the revenue profile you know in comparison to Indian clients isn't as substantial as is evident.

That's largely a factor of the size of the asset management company you know whom we have as clients today. Given we are relatively new in almost all of these geographies you know probably the longest vintage we have is about 4.5 years in Malaysia and some of the other countries are just you know two years.

It is but understood that the large asset management companies you know would want to see certain amount of track record, continued performance as well as what we are doing with the regulator for each of those local geographies. And then you know is when they would start having serious conversations with us.

Happy to state that the current pipeline and the clients we are talking to are mostly amongst the top 10 asset management clients in that in each of those geographies so to speak. Although a win in each of these client mandates you know would have a force multiplier effect.

It will hopefully, will drive a multiples of revenue growth as against percentages of growth. So, the $20 million is largely in that context. So, the last you know large contract we had one happened to be the third largest bank-based asset management company in Thailand called Krungsri Asset Manager. The transition is underway and is expected to conclude by end of you know this fiscal.

And given that we are managing one of the largest one out there, many of the top 10 are having very serious and engaging conversations with us to be able to render value-added solutions, both in terms of transfer agency and fund administration at a country level. So it is that pipeline that I was talking about.

So, it is not an early-stage pipeline, but a mid to advanced conversations with the client, sometimes the contracting process is a little protracted in that part of the world. But you know given now we have a track record of nearly five years. Never lost a single client and I've been adding at least two to three clients every single quarter.

There had been a substantive interest in almost every single geography in that part of the world. In addition to starting operations in Thailand, we are going to start operations in Singapore even as we have some clients there already. We are working with the regulatory process to be able to secure alignment to both to set up the office as well as start in-country operations in Singapore.

Abhijeet: Okay, thanks Sreekanth for that. Just a follow-up here on the international side, like how do we look at the investments that are going into in terms of lead lag? Because I think the margin number that you record, I'm not sure how reflective it is about the underlying operating numbers in this part of the business. But it was a decline sequentially there. So, at what point of time this business starts to deliver somewhere close to 15%-20% sort of margin numbers?

Sreekanth Nadella: That's a great question. So, the way to look at this Abhijeet is at a client level, not at a geography level. We cannot compare the growth market to that of India scenario where we have 60% market share, many of the clients being there for the last decade to two. And a new client addition you know takes at an amount of time at least three to four to five years in India for example for them to make any meaningful corpus, for me to make any meaningful revenue out of it.

Whereas in that part of the world or any new country for that matter, a client level margin is what we look at. And in almost all cases you know we are tracking to anywhere in the range of 35% to 40%. But at an entity level international may look a little less because a continued expansion into newer geographies, continued expansion of technological capabilities, of platforming capabilities, the transition cost that we incur as we migrate a client from incumbent including their own captive to KFintech.

So those costs tend to vitiate you know what is otherwise a profit profile which I think is pretty good. And I'll give you a leading indicator to that for example is the basis point. In India, our blended yield as you have seen is roughly about 3.9 and had been fairly stable for us for the past X number of quarters. The same for my international business is 5.2 basis points right. So, pound to pound the yield is higher. The number of transactions one would expect will be substantially lower than when compared to India right.

Because these are high ticket size low volume countries such as Singapore so on and so forth. And go at every client level the margin is healthy. But when you aggregate at an overall entity level it looks like lower because of continued investments into you know new geographic expansion.

Abhijeet: Thanks a lot for that. And the last question is that in this context I think the core business the MF RTA as well as the issuer solutions business that they have been delivering very solid margin improvements. So just wanted to understand, what is the level of operating leverage that is available there. In the sense can these businesses grow at you know mid to high single digit expense growth on a sustainable basis?

Sreekanth Nadella: We are just like in the case of international to in domestic side Abhijeet we are futureproofing or you know endeavouring to future-proof our business for volume expansion. We've seen a volume expansion of north of 20%-30% and that volume expansion actually adds much higher amount of data storage cybersecurity related costs. The engineering environment management etcetera that is required for our core operation.

So, it actually transfers to a far higher quantum of engineering efforts and work and maybe even cost at our end as compared to the transaction volume that you see in the industry. The expense that you have been seeing that has slightly gone up in the last two quarters which I would expect we will continue to invest. And as we all expense, all of it out most of it at least.

And ergo these are not necessarily investments that are on the balance sheet, but already knocked into the P&L even at the -- at 45% or the EBITDA numbers. These investments are required to future-proof our businesses right. I mean the investments we made three to four years back for example have been continually driving the operating leverage right reducing the pure play operations cost the risk associated with that and hence the margin profile continues to stay put.

The investments that we are making now are the ones that are going to help us into the next five to seven years. Because what we are now doing is not incremental changes, but a complete re-architecting and step-up chart changes that we're making to the overall platform and solution which will have fast you know reaching consequences and driving operating leverage into the coming years. So XAlt is one such classic example right.

So, we did not go on to make incremental changes for existing platform, but we built bottom-up in a manner that our ongoing operating costs will be low. Our dependency on the large enterprise solutions where the licensing costs tend to spiral out of control very soon comes on over a period of time.

Abhijeet: That very helpful Sreekanth. Thanks a lot.

Moderator: Thank you. The next question is from the line of Supratim Datta from Ambit Capital. Please go ahead.

Supratim Datta: Thanks for the opportunity. Starting with the international business wanted to understand, what is the mix of FA and RTA business do you see in this business in the next five years? That's the first part and the second part is on the XAlt business you know this is a platform which has significant growth opportunity not only in Southeast Asia, but in other international markets as well. However, this is a mature market with you know well-entrenched operators in this business already.

So, what are the differentiators for your XAlt platform that you think will help differentiate and penetrate clients, hedge funds or other asset managers. So, if you could start with those two questions on the international side before, I go to some other questions.

Sreekanth Nadella: Thank you. The current mix of TA to FA in terms of the number of clients is about 31 clients are TA and 23 are in FA. FA thus far broadly had been platform only service that is by virtue of our acquisition of Hexagram. The TA however broadly is a full-service model like how we deliver it in India today to all our mutual fund houses whom we manage today. We in terms of the overall revenue mix as against the client mix you know it would be around 80% would be TA revenue and about 20% would be FA revenue.

The differentiation or what is the value proposition we have to offer for FA right I mean I think the question I heard was that as a platform-play we are not looking at ourselves as a pure play platform right for FA, which was the case with the acquisition that we made.

Hexagram broadly was a platform-based company not necessarily rendering a service layer on top. I could equate that in the case of TA for example to our platform which is called K Bolt, and that platform also could be given out just as a platform too right probably not so much in India, but outside the country. But we also have our entire processes and people and the risk management everything associated with it and the governance and hence we charge a certain basis-points, and which translates to participation of the growth of the industry.

So, we are replicating the same model in FA, so it is no longer just platforms. Wherever we already have platform sale we are upselling the service layer. All new clients all new geographies we are pitching for a full-service model it is still possible that the client could be interested only in the platform and not the service and in some cases, it could only be the service and not even the platform.

The value proposition we have to offer is manifold. First off are you right there are several entrenched players especially in mature markets such as Singapore for example or in Europe and US, but probably not so much in other geographies such as you know emerging Malaysia and in major Thailand, Philippines some of these markets do not have entrenched players.

But let me drive the answer in both cases, even in the case of mature markets, the value proposition we have to offer is that we offer both FA and TA and the entire digital stack which most others do not point number one.

Number two, we today are able to deliver at five to six basis points all of the solutions and more as compared to a typical fund administrator who could be charging anywhere between eight to eighteen basis points depending upon you know which fund administrator and which AMC you're talking about which means that I have a value proposition to optimize the cost to serve of most fund managers by a minimum of 25% to 30%. So that is the second big value proposition.

Third is in terms of our go-to market and speak to market rather you know given we are at heart a tech company at this point in time we are able to create solutions for our clients which you know most of the fund administrators do not do because they are purely fund administrators where we are a full-scale digital company so to speak.

For example, you know we have created the first of its kind a simple WhatsApp based distributor empanelment where you could onboard 30,000 - 40,000 distributors in a single day. Now these are alien concepts to most of the other operating geographies beyond India and we're able to take these solutions at scale and be able to provide value to those clients.

Fourth, while the entrenched fund administrators are there, they are more focused on the large fund managers because the quantum of the AUM is quite substantial and ergo the return that they derive out of that is quite high.

Whereas we see a large market of several boutique small to medium fund managers who we believe are charged very-very high, you know anywhere to the tune of 15 basis points, if I may. And also, are underserved because they are not the largest out there and that offers a phenomenal amount of space for a player like us to start with small medium-sized entities as we have already done in the case of mutual funds and then expand into the larger alternatives. I hope I answered your question?

Supratim Datta: That is very helpful and very elaborate answer. Thanks a lot for that. On the cost side, I want to understand that you have been making investments in this business you know to drive and rightly so because it requires, future proofing.

Also, I wanted to understand given the focus on tech and the tech lifecycle is getting shorter. Are these investments more recurring as compared to one-off and that is how we should think of it that you know it should continue at a similar level rather than, there being a currently there being a step up and going forward there being a step down in cost. So just if you could give your thoughts on this?

Sreekanth Nadella: So, I think the answer is part of it is yes and part of it is no. The big-ticket expenditure which is one time and not recurring and you know it may be reset maybe once in a decade kind of scenario is effectively the brand-new platform creation right. For example, the XAlt platform that I spoke about for alternatives or the platform that we have now created for Malaysia, Philippines, Hong Kong, Singapore, Thailand.

Now these are all one-time creation or now the entire cloud strategy that we have implemented over the last two to three years you know whereby we moved much of our data layer onto the cloud much of our API infrastructure onto the cloud you know that is also one time and we are right now in the midst of the journey to take our mutual fund platform to be the most digitally advanced TA platform not just in India honestly you know anywhere in the world.

That is a one-time expenditure, one-time investment not a recurring one at it. Now these are big ticket items, these are generational shifts. As an industry and as an organization we are 35 years old into this and what we've been able to do is add incremental enhancements into the platform. But we believe the time has now come at least in the context of the growth. We have seen in the industry and what we expect in the future to completely reset it, right. And hence it's a one-time and it's a big-ticket item no doubt and we've already spent much of it and expense off and some more to happen.

Whereas there are several other recurring items which is a continual as you rightly said the tech lifecycle has come down, so we create a lot of new features, products, solutions. Some of these are revenue generating in their own, right, for example, today 6% of my revenue is coming from value-added services. Those value-added services are on the back of those platforms and solutions we have created. So, these are not just purely cost items, but they are recurring revenue generating items for us, right.

If I were to put a quantum to it, I'd like to believe that anywhere about 60% odd would be a one-time investment of the tech spend that we are doing currently maybe 40% of what we've been incurring. Could be a repeat expenditure, but again, a lot of that would continue to drive revenue profile and not just be a pure cost consumption for us.

Vivek Mathur: I'll just add to what Sreekanth mentioned. We continue to spend almost 19% to 20% of our revenue in terms of IT, opex and capex. Capex is just 5% out of this 20%. The rest is all opex and we believe that, as a growing company we have to invest in technology and as you rightly asked the question that isn't it recurring. We feel that as the volume goes up in terms of revenue the percentage will keep coming down, but we will continue to invest in technology. So, this 15% to 20% of our revenue we will continue to incur on IT.

Supratim Datta: Got it. And so, 15% to 20% on that elevated revenue base or once the revenue base increases that proportion goes down?

Vivek Mathur: Yes, so last year for 9 months ended December '23, we spent almost 22% of our revenue. This year we have spent 19% of our revenue. So as a percentage it will keep coming down, but the quantum will also keep going up as the overall revenue goes up.

Supratim Datta: Understood. That's very clear. And my last question is on the MF RTA business and AUM growth. So, your overall AUM you have been growing ahead of the industry, but when I look at the equity AUM that has been growing slower than the industry at least this quarter it has been going slower than the industry. So, any particular reason behind this? I understand this is driven by your mutual fund partners, but just wanted to understand why is there a difference and could this gap be reduced going forward?

Sreekanth Nadella: Sure, I can take that. No there is no reason. This is just the cyclicalities that I was talking about, right. In 2020, our market share of equity I'm sorry in 2018 the market share of equity was 26%. In '23 it rose up to 35%. So, there is a nearly 800 to 900 basis point expansion that we saw in a matter of three years at that point in time, right. And now it is slightly less.

Now that basically is a reflection of the fund performance, right. I mean you will have, if you look up the fund performance itself of various schemes of various fund managers in the quadrants if you put Q1, Q2, Q3, Q4 you would realize there is a constant movement of certain funds from one quadrant to the second to the third to the fourth based on the fund performance broadly.

And that would obviously drive the inflows of both SIPs as well as the lump sum into that particular scheme which obviously will then roll up into that particular client. So, 26 to 35, 35 now down to 33.5 and in the next two three quarters it could go up again. So, there is no reason I believe this is the cyclicality that we would see. It is possible that in the next eight quarters it can easily go to 38.

I mean it is very hard to predict. There is no underlying reason excepting the fund performance of the clients and sometimes the fund performance could favour some large asset managers, sometimes it could be for other asset managers. So, we expect this to the cycle to continue and hopefully in the next one to two years our market share would expand than reduce a little bit.

Supratim Datta: Sure, that's very helpful. Thank you.

Moderator: Thank you. The next question is from the line of Aejas Lakhani from Unifi Capital. Please go ahead.

Aejas Lakhani: Yes, hi Sreekanth. Congratulations to the team on the numbers and thank you for the detailed explanations. Two questions, one on international and one on domestic. The international question is Sreekanth, thanks for clarifying that the yield that your partner charges 8 bps to 18 bps and you're charging 5 bps to 6 bps.

So, we understand that scope and what I've understood from your previous calls and this one is that the mid to boutique are the ones that you're chasing directly whereas the larger ones you are chasing through a custodian partner etcetera.

So, I just wanted to understand that is there a specific conflict that arises because the custodian is like, okay you're going direct, and will you come after my lunch is there any sort of a conflict in that? And also, specifically a big the international piece AUM de-grew this quarter for about 3% to 4% whereas the AIF piece, AUM grew 8, but revenues declined 3% sequentially. So, could you just explain that specific aspect as well? That's on the international.

Sreekanth Nadella: So, I'll clarify the point on the custodians and on to begin with. We have partnered with two custodians in the Asian region. And the custodians there usually also provide fund accounting, right. And our partnership with them is largely for very specific mandates from the asset managers, who want a single entity to provide transfer agency fund accounting custody all together, right.

And given we offer TA, and the custodies offer custody and FA so this partnership is extremely limited for that very specific purpose of mandates where we need to have a joint go-to-market strategy, right?

Outside of that, there is no conflict and there is no anybody stepping on somebody else's door. So, we would as much as partner with a custody to bid for a particular deal. We could easily be competing with the same entity for the next deal where the fund manager does not necessarily insist on a single entity to provide all three solutions under the hood.

So, to that extent it had been an extremely harmonious relationship that we maintain with all of them, right. Now this is more for mutual funds as we are very intent full of growing our alternative space quite substantively especially say in the context of Singapore. In Malaysia it is probably not very large, but in Singapore it is quite large. There is a case in Thailand. There the custody and all is not something that we know we need to work with, because there they look at

TA and FA as one unified provider which is where my point about large fund administrator came to picture, right.

In all those in almost all those cases, it is the same administrator who provides both TA and FA and custody is a completely different line of business. So, depending upon which asset class you look at we will our partnerships work for that particular purpose.

But yes, in the case of a single bid it is a partnership in the case of non-single bid where it is no expectation that in all these which has been rendered under one vote. We compete with them and then as the track record had been showing we've been winning at least a couple of international mandates every single quarter. And hopefully large ones are going to happen this quarter.

Now in terms of the growth itself yes, the market there had been typically we all know for example the Hong Kong market wasn't the brightest and it was the case of Malaysia and others. So, to that extent there had been a little bit of AUM degrowth, but that had not necessarily resulted in any degrowth of revenue in the case of international business which had grown about 7%.

But the overall the line of alternatives and international and the pensions there was a slight sequential degrowth, that was on the back of the previous quarter alternate investment funds year-on-year had grown near 100%. This quarter we had grown 86% so to speak.

So, a lot of funds mobilization in alternatives happened last quarter lot of new funds we won the preceding quarters went live in the previous quarter, but probably little less of that happened in the quarter three, and that was the only reason why there was a slight sequential reduction.

But the alternatives brought on in the capital commitments are on the significant upswing into the later part of the quarter and as we see into this quarter, we expect the trend to reverse very, very soon.

Aejas Lakhani: Got it this is very clear. I think this is what you were alluding to when you said the controllable components of the income, this is clear. Thank you for that. And the second is on the domestic business, Sreekanth is -- how is the competitive landscape shaping up? Could you speak a little bit about that as competition in lieu of, the stance that you have taken and the investments you are making has that landscape shifted changed your comments about it, and what in your opinion are the keys risks to KFIN's business today? Thanks.

Sreekanth Nadella: Thank you. The competition landscape, one thing that we've always been proud of, and we continue, and we will ensure we will do that is such industry standards. We haven't traditionally been following as much as leading from the front whether it's in terms of the business solutions that we offer getting into the new asset classes, new business lines or the pure tech changes, whether it is cloud-first strategies, whether it is driving a -- at scale generic capabilities, including on the big data components where in fact we even manage some of our competitors clients in that space, is something that will continue to do so.

I think a competition that it's in the space of issuer solutions or in the case of alternatives pensions mutual funds. I think it's a very healthy trend if I may right. I think it it's great that each of us constantly innovate and bring to the market for the betterment of the investor's asset managers and the distributed ecosystem even the regulator for that matter and that amount of healthy competition is driving down the cost.

It is significantly improving the ease of doing business onboarding, financial inclusion by moving into every last city and location, creating digital solutions, which were to unthought of for example to onboard a client on alternate investment fund, till about a year back was literally a three-day process and about 145-page document that needs to be filled.

We took it upon as a challenge for ourselves and then we created the country's first digital onboarding platform at scale where you could onboard anybody in three minutes and not just HNI, ultra-HNI, but whether you're a trust or an endowment fund or any corporate for that matter right.

So, the competition landscape I think is constantly evolving. We're all putting enough pressure on each other, and I think it's a very healthy friction for the betterment of the industry over a period of time. That was one and sorry there was another question that you ask us?

Aejas Lakhani: Just any key risks that you feel that the business may face? Thanks.

Sreekanth Nadella: Well, I think our business is riddled with risk. So, there is to that extent I think that there are several and we continue to track, and it is our duty solemn duty to ensure that the risks are mitigated at every point in time. But let's say continued focus on cybersecurity and data privacy is an exceptionally important item for us we manage near about 8.5 - 9 crores investors in the country almost every year about 80% to 85% of the financial investors in India have something to do with our organization.

So, that's an enormous responsibility and then hence all these investments and efforts and all of that we continue to do, is to ensure that this is all protected. So that's definitely one thing that we will continue to double down and make sure that we create an absolute zero trust model and absolute amount of cybersecurity resilience outside of that well the cyclicality's from a business standpoint will always be there we were fortunate we had a great year last year.

It is possible every year won't be like that right and that is exactly the reason why our risk diversification strategy of rendering solutions for every asset class and for as many countries as possible will go on to play a big way.

Hopefully for example if India were to have a subpar mark-to-market growth into this year or next year, it is strongly possible that the Asia could rebound it between time what now seems like a little tepid relatively tepid growth of Asia compared to India, will probably go on to help KFintech the next year when those markets could be coming back, after two years of relative underperformance.

So, it's all about risk diversification from a business standpoint outside of that purely technology standpoint the data security and the information security is something that we are tracking very, very closely it is a very big topic for the regulator as much as it is for us. The DPDP Act is going to come into play sometime soon, the dates are yet to be announced. But we are keeping ourselves ready at the very earliest even before any instructions come from anywhere.

Moderator: Thank you. The next question is from the line of Dipanjan Ghosh from CITI. Please go ahead.

Dipanjan Ghosh: Good morning. Just a few questions from my side. First, on the domestic MF business, if you can kind of break it down between the AUM link portion versus the non-AUM link portion, let's say for the third quarter or nine months versus what it would be last year? Second on the issuer solutions business, it's when we calculate the revenue portfolio adjusted for seasonality, like comparing 3Q versus 3Q, that seems to have gone up, so is it more of corporate actions or value-added services? If you can get some more color on that?

Lastly, on the international and domestic alternate business segment, I only get the growth number of around 100% in 2Q and almost 80%-85% this quarter. But if you can just split it on an absolute basis for 3Q nine months this year and last year, that will be really helpful?

Vivek Mathur: Sure, Sreekanth, I'll take this. You can add, the breakup of domestic mutual fund into fee-based business and non-fee-based businesses, 66% of our total revenue comes from fee-based domestic mutual fund business, and anywhere between 3% to 4% comes from value-added services.

In terms of issuer solutions, this business, currently, which is about 15.7% of the total revenue, is range-bound between 15% to 16%. But as the number of folios grow and we continue to add and migrate clients from other RTAs to KFintech, this revenue pool will continue to add and with new IPO participation this will grow.

So, revenue per folio, you know, because of various value-added services also, so this is not just one way of looking at pure folio-based revenue, but there are corporate actions, there are value added services, which add to the per folio income for KFintech. So, it's a combination of three streams of revenue, the pure folio-based revenue, more corporate actions mean more event-based revenue.

And then there are value-added services like EAGM, eVoting, AML, PML, Insider Trading Platform. So, all these also continue to add. As we penetrate more of these value-added services to our client base of almost 5,800 plus clients, you will see an uptake in terms of per folio income.

On the AIF, international business in AIF, while overall revenue is given here, I have already told the percentage of revenue that comes from the international business of global financial services is about 4%. And AIF and the platform of TA of Hexagram, which is in power, contributes to about 5% of the total revenue. Balance comes from our pension and other small businesses. Does that answer your question?

Dipanjan Ghosh: Yes, just a small follow-up. You know, on the issuer solutions business, is it fair to assume that this quarter there are market tailwinds leading to higher corporate actions with supported revenues? Just wanted to get some sense of how much of this, would you consider as more from the current market situation versus how much can you consider as more of recurring and your penetration of clients through various value-added products?

Vivek Mathur: So, issuer solution business doesn't have to do anything with the market. It is more number of market participants. So, if there are more demat accounts opening, that means for listed companies, that means more revenue for us because number of folios go up. So, market driven revenue is more in mutual fund, the fundamental consumption story and growth story of India remains intact and the financial household savings coming into mutual fund and getting into direct equity continues to auger well.

So, it's not something that we are looking at a short-term jump you know if this business on a sustainable basis will continue to grow on a mid-team kind of a growth. Sreekanth, do you want to add anything?

Sreekanth Nadella: Thanks, just two more points. One is that you know in the case of issuer solutions there is a price escalation that we orchestrate unlike in the case of say asset management industry where there are certain volume discounts given beyond certain asset management thresholds where the yield is important that we all track to. In the case of issuer solutions there is a price escalation that kicks in you know the once the contract ends and that's of course negotiated price increase.

That was one of the reasons why it had gone up beyond the corporate actions. Second and importantly is that as we have won a substantial number of client mandates in the previous year including managing several IPOs and all of that becomes a recurring annual revenue this year. The IPOs that we have done this year obviously will contribute to a higher revenue into the next year in addition to the corporate actions so on and so forth.

The component of the corporate actions as overall share of issuer solutions revenue is not substantially different from year to year. So, the corporate for example the dividend declarations the buybacks many of these you know have been pretty similar for us you know and hadn't been very different this year compared to the previous bunch of years.

But obviously it is the addition of the new clients and their declaration of corporate actions in addition to the retail folio expansion of nearly 5 million you must have seen that 5 million net new folios have been added either because of the new mandates we've won or the transitions we have orchestrated into the previous year and or the corporate actions of those transitions and the new IPOs that have driven the growth.

Dipanjan Ghosh: Got it, got it. Thank you and all the best.

Sreekanth Nadella: Thank you.

Moderator: Thank you. The next question is from the line of Bharat Sheth from Quest Investment Advisor. Please go ahead.

Bharat Sheth: Hi, thanks for the opportunity. So, one question on international side, see as you are in transit some winning that new client then the rolling out takes up to say two three quarters then which also incurred a transition cost. So overall if you have to take little longer perspective from three to five years so how do we see that business and what could be the margin that we really like to have in that business, and can it be a very meaningful contribution to our overall top line?

Sreekanth Nadella: Thanks for asking that question. Not under it yet and you know that's the reason why we have you know started the international journey. Just to give you certain facts four years back you know the revenue was zero.

Today it is a little over 11% to 12% of our revenue comes from a brand-new line of business which never existed before. Right so to that extent I think it explains to us it's not just our intent and aspiration, but we have executed to the strategy and there is an addressable market to grow.

Our intent is to make that percentage you know to grow substantially higher. I would love to see in the next five years international business occupying about 25% of our total revenue pool even as the revenues of the overall metro business also continue to grow.

Three, in terms of the margin itself I had called out at an individual account level you know we have healthy margins, but because we are constantly winning deals and constantly creating new platforms for new countries and incurring on certain transition costs what have you are seeing an overall margin profile slightly below, but on a steady state basis I would expect the international business to have higher margins than the domestic business.

For the very simple reason -- two simple reasons, I have cited one, my yield is higher than it's in India at least by a factor of 30% if not more and we'll try to do more in time to come. Second, pound-to-pound, if I get a INR1,000 crore AUM in India versus a INR1,000 crore AUM in Singapore for example for the same INR1,000 crore of AUM in India. If I do a 1 million transactions, I will have to do 10,000 transactions in Singapore. As you could then imagine the effort required is substantively lower as compared to what it's in India because the ticket sizes are small in India, and it is a volume game for us here.

So, to that extent the operating leverage will kick in as larger AMCs start to work with us. So, we are definitely optimistic about the margin profile in the long term. We have already seen you know good expansion in the last four years, and it is a long term business you know we are -- this is not a one quarter two quarter business. It is strongly possible that tomorrow you know for example if I were to draw a parallel to India right, I mean it could be winning one of the top five asset management companies in India versus, let's say, the bottom five asset management companies in India right.

You see the magnitude of the asset being managed is so substantively you know higher right so about INR4 lakh crore, INR5 lakh crore AUM in the top 5 versus probably a few INR1,000 crores of AUM in the bottom 5 or in the mid-5. So should we go on to win one or two such deals which is the conversations, we've been having with the larger fund managers today. The revenue growth won't be a 30%, 40%, but could easily be 2x or 3x jump that can happen in a single year too.

While that is not necessarily the guidance I'm offering or we are baking into the books, but I'm stating that's the kind of potential that exists. And I think we have done sufficient amount of good work over the past four years for all the large asset managers to stand up and take notice of the work we've done and hence the conversations now we are having at the top five in almost every country.

Bharat Sheth: That's a good answer I mean very elaborated. So, on second thing on geographic expansion if you can share some more color say apart from this Singapore and Southeast Asia so going little aggressively on the Western country.

Sreekanth Nadella: Yes so we so we are actually we are one inch high of having 50% market share of permissible funds in Malaysia by the way and that's just what we've done in four years. Now in Asia Singapore quite clearly offers the most significant opportunity.

But not so much in mutual funds, Singapore is more an alternative market so to speak right and there is roughly about $7 trillion worth of alternatives there and we have just launched our platform XAlt, and we needed that. So far, our clients largely had been on the mutual funds based on the alternatives and the reason why we've toiled hard to create such a platform which is applicable for anywhere in the world and especially including for Singapore is that very reason.

So, we are you know getting feet on the street in Singapore as I've stated you know we are looking to secure you know a license and an office space in Singapore to start and platform is already there.

So to that extent I think the opportunity of a near $7 worth of addressable market for the fund manager at even an average of you know 7 basis points or 6 basis points or even 5 basis points that we could charge today which is absolutely the lowest end of threshold you know offers a very large revenue potential of course it needs to be executed to both the sales and the delivery and the execution, but that's what you know we are working towards to and we have confidence in our abilities to do so.

Now while this offers the greatest potential in immediate you know Southeast, but if you move a little to the West you know on the Midwest you have you know Dubai is another area of interest to us, but clearly much of the global wealth continues to reside between US and Europe. So, to that extent starting our operations in there is very, very important. We are looking at both organic and inorganic routes including acquisitions both in Europe and US.

Whichever happens first organic, or inorganic is how we're going to start there.

Bharat Sheth: Okay, thanks for the elaborated and all the best.

Moderator: Thank you. The next question is from the line of Rohan from Envision Capital. Please go ahead.

Rohan: Hello. So just one question on the issuer solution part. So like you said that your aspirations are growing with teams and the issuer solution business. So if we just delve a little deeper there and see what kind of growth do you expect to come from the volume growth that is increasing in the number of folios? And what part of it will be corporate action, value-added services, escalation etcetera. So what's the break-up between these two if you can?

Sreekanth Nadella: Certainly. So, even if you want to give a regular on business as usual profile of the revenue components near about 70% comes from the folio based pricing. And about 20% to 22% on the corporate events and the rest is the corporate actions and the rest is the corporate events. When I say corporate events I'm talking about conducting and holding AGMs and so on and so forth whether it is electronic or otherwise.

This particular component breakdown of revenue for issuer solutions had been pretty similar over the last three to four years except that we have added a fourth component which is the value-added solutions which includes for example us creating insider trading platforms and administering it, managing and administering ESOP for many of the client so to speak.

Now that pool of revenue has basically added about 6% to 7% of additional revenue overall so to speak. So, on a business-as-usual basis I'd expect that 65%-odd, could continue to come from the folio based pricing. And about 15% to 17% on the corporate actions which is buyback, dividend declarations, de-mergers what have you. And a 7% to 8% of equal proportion coming from corporate events and value-added services.

Rohan: Understood. So what I was also alluding to was, so I think the break was really helpful, but what I was also alluding to was that if you say that you aspire to grow mid-teens in the issuer solution business, so then what is the volume growth that we can expect in number of folios say for example 8% volume growth, 8% other services increasing pricing etcetera. So, what are your aspirations there? So, break up of these mid-teens is what I was looking for.

Sreekanth Nadella: So, I believe the volume in the form of folios factor anything around a 10% increase in the volume of folios will easily drive a mid-teen growth in the business. But of course, the volume growth of folios can come from -- it also depends on which client. As I've explained this is unit pricing and it's a negotiated price it is not the same for any two clients. So which particular client is growing faster will also drive the revenue growth corresponding to that.

And also, if the volumes and the folios are getting added more because of IPOs and transitions it always adds a faster revenue growth profile to us. I mean it's hard to give a very specific number, but let's say an 8% to 10% increase in the folio would get us into easily a mid-teen kind of growth.

Rohan: Understood. I think it’s very helpful. Thank you. So, one more question on the Indian AIF business. So, what is the kind of yield we can expect on the medium term under Indian AIF side?

Sreekanth Nadella: So, the yield in the AIFs has been pretty much based right from the very beginning. If you do only TA or only FA or if you're doing both traditionally this industry in India had grown only with TA. Both us and our competitions focusing on that. But since we acquired and added the entire FA capability over the last 24 months in India, we are now one of the very few who can offer TA and FA and definitely the only firm in India who have their own proprietary platforms for TA and FA.

The yield for TA standalone would be in the range of 1.5 to 2. FA would be around 0.5 to 0.75 and a composite deal could get you anywhere around 2.5 to 3 basis points.

Rohan: That's very helpful. Thank you. And just the last question if I can. You said that you have around INR300 crores of cash surplus, cash available with you. So just on the acquisition plan if you can just give us a -- how do you look at it?

Sreekanth Nadella: Vivek, do you want to pick that up?

Vivek Mathur: Yes so, your question is about how we are going to look at the cash surplus that we have, correct?

Rohan: And acquisitions and advantage part of it.

Sreekanth Mathur: Yes. So, we continue to evaluate acquisitions at any point of time. We have three or four targets that we continue to look at. And historically if you've seen we have been doing small size acquisitions. And as our aspiration is to grow in terms of either growing our product bouquet or acquiring clients or expanding into geographies. From these three lenses we continue to look at opportunities.

So, you will see that, even in the coming year, we will continue to explore that only when we find that the proposition of acquisition is going to add substantial value in terms of shareholder value creation. It's not just acquiring and then saying we just added top line. So, we are looking at exponential growth by combination of two entities and not just pure acquisition. So, we will use that and we will also see, the board will also consider in terms of beyond acquisition if there is surplus cash, board will also look at dividend policy once the financial year ends.

So, M&A is now something that we have been doing successfully. Four M&As we have done in the last six years, seven years. So, we feel that, that is something which we will continue to do and utilize this to create future moats.

Rohan: Great, great. Thank you so much.

Moderator: Thank you. Ladies and gentlemen due to time constraint we have to end. We will reach out to people in the queue separately. As that was the last question, I would now hand the conference over to Mr. Devesh Agarwal from IIFL Securities Limited for closing comments.

Devesh Agarwal: On behalf of IIFL Securities, I thank the KFin Technologies Management for giving us an opportunity to host the call today. Before we conclude today's call would the management like to add any closing comments?

Sreekanth Nadella: Thank you so much once again Devesh for moderating it and all the investors and analysts, showing very, very keen interest and rightfully. So, the growth areas and the emphasis on international on the alternative is rightly placed. We continue to stay exceptionally focused on innovation value addition to our clients. Whilst, ensuring that the operating leverage on the cost is managed and focused too.

We have been diversifying the risk and that will add certain amount of cost which I think is extremely important and well worth it for long term prospects of the growth. Aspiringly I have stated this several times before I just want to state it one last time and conclude the call.

We intend to make KFintech the first company from India which is globally relevant in the space of capital market infrastructure that had been our NorthStar and a lot of work we have been doing is eventually to get that far. If India could replicate this in IT, ITES, generic pharma, and any line of business there is no reason whatsoever that we can't do the same in the space that we have operated.

So together and on behalf of my entire management team which had been exceptionally behind us to ensure a continual financial performance as much as setting of ourselves for long term success. You know a very happy investing and thank you so much for your time. Thank you.

Devesh Agarwal: Thank you everyone for joining the call today. Muskaan you may now conclude the call. Thank you.

Moderator: On behalf of IIFL Securities Limited that concludes this conference call. Thank you for joining us and you may now disconnect your lines.