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May 07, 2024

CS&G/STX/JQ2024/13

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/JQ2024/04 dated April 16, 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 April 30, 2024, in respect of the standalone and consolidated audited financial results of the Company for the quarter and financial year ended March 31, 2024.

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: 2024.05.07 19:10:06
+05'30'

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

Encl.: a/a

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"KFin Technologies Limited
Q4 FY '24 Earnings Conference Call"
April 30, 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 the Q4 and FY24 Earnings Conference Call of KFin Technologies Limited, 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, sir.

Devesh Agarwal: Thank you, Muskan. Good morning everyone and welcome to the Q4 FY24 earnings call of KFin Technologies Limited. From the company we have Mr. Sreekanth Nadella, the MD and CEO, Mr. Vivek Mathur, CFO and Mr. Amit Murarka, the Head of Investor Relations. I would now hand over the call to 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. Thanks a lot for taking time this morning to hear out about our quarter performance as well as the full year performance. Very excited to state our ongoing journey and the commitment to excellence as well as the shareholder wealth accretion. We have clocked a revenue growth of about 25%, EBITDA growth of about 25% as well and a PAT growth of nearly 33% this quarter, making this one of the better quarter and hopefully a quarter that will set the basis of growth for the fiscal year 2025.

On a full year basis, our revenue growth is at about 16.5%, EBITDA at about 23% and a PAT growth at about 26% broadly. The diluted EPS for the quarter ending 2024, the last quarter is about 30% and for the full year it's about 25% year-on-year growth. This journey marks our secular growth across the business segments. We continue to maintain that the bedrock of our business will be and has been the Indian mutual funds business.

We've been the first registrar and transfer agent from a share transfer standpoint in India. We continue to grow that business and it is the residual

30% plus of the younger businesses which broadly cover our international alternative pensions and the acquisitions around fund administration. As you can see, the growth this quarter in those business lines had been near about 50% year-on-year.

Issuer solution is about 20% and the mutual funds business is roughly about 30% year-on-year growth for the quarter. It's been a really satisfying year thus far and of course it is still at the very beginning of our growth journey. We believe that the mutual fund business will continue to expand at a very rapid pace as has been identified through a series of surveys and market research reports.

We expect the AUM to double over the next five years or lesser than that. Looking at the pace of the SIP expansion, it is expected to happen much sooner than later. The alternatives market had been tearing up as well. We have witnessed a 60% increase in the AUM this year over the previous year and revenue that has nearly doubled during this process. The pensions market itself had slowed down a bit in the previous year. The overall industry grew about 12% but we have grown 28% year-on-year in that segment.

We are a FinTech company and we continue to drive through technological innovations. Many are industry first products and platforms. Happy to inform one and all that the share of the value-added solutions and services has improved from 5.3% to 6% on a full-year basis. This is despite an extraordinary growth across all lines of businesses which explains that an absolute number of the value-added solutions have grown much faster than we have identified. We believe that we continue to invest in areas which are not market dependent. It provides a good hedge.

It provides us the stability especially during the down-market cycles. Many of the businesses that we are looking at currently are not necessarily related to the movements of the market. As an entity, we continue to be the largest investor solution provider in India. In terms of the total investor and the folio count, it totals to near about 26 crore folios between the share transfer and the mutual funds and the Alternate is making us one of the largest registered transfer agents not just in India but in the world.

Our market share on the overall AUM continues to grow and outpace that of the market which is obviously a good indicator in terms of times to come how our both overall AUM and equity AUM will continue to grow. You might have witnessed that the equity AUM there had been a slight dip in terms of the market share. That is sequential in nature. That is something that happens once every few quarters when certain fund houses do better than the others. The last few quarters, I definitely have seen a faster growth in some of the asset managers managed by the other registrar.

To that extent, we do believe that some of these cyclicality will hit and hopefully in times to come, we will have better fortunes in terms of equity market share as well. Notwithstanding all of that, we continue to grow the mutual fund business at a very, very rapid pace even as we have some of the newer fund houses who have grown quite rapidly in the past few years. On the issuer solutions, we have added near about 200 plus clientele in the previous quarter.

We have several mandates which we can't just yet announce the names in terms of the confidentiality reasons, but then we believe that there will be key changes in time to come. We have added a series of new clients who have transitioned from the other registrars, including Bitlock Corporation, Mojtech, and a few others which are in the pipeline, including Mojtech Martin. We have launched several new solutions in issuer line of business, especially on the IEPF claim management, given the amount of complexity associated with that, as well as the investor grievances that come out of that particular line of business process.

We believe that in time to come, this will add a significant amount of gravitas to our line of business, including addition of new clientele and transition of clientele, given very few have such a solution at this point in time. We have, beyond these two businesses in terms of the financials, very happy to inform that we have been awarded one of the first Supervisory Tech Platforms. We continue to partner with the regulators across India and the globe to create solutions which aid in a very proper and secure monitoring of the markets, so to speak.

This is a platform that we have created for us in terms of the supervisory technologies. And the platform that we've created, especially around Guardian, which is about insider trading related solutions, has now been adopted by several of the big four accounting firms, given this is the only solution that exists in the country and probably anywhere in the world, in terms of leveraging account aggregation as a tech solution for monitoring insider trading across the corporate. We have continued to expand our data lake solutions, not just to our clients, but also to the clients beyond, you know, who are currently not with us in terms of the RTA side of it.

We have won a series of contracts in the wealth as well as in the fund accounting side, including on the asset management side. International business, our number of clients have increased to 57. The last quarter I had updated that we have moved the number to 54, which marks that, you know, three new clients have been won during this intervening quarter.

This obviously adds the biggest scope of growth for us, even as, you know, we break through the initial resistance in each of the new geographies. I'm sure one would appreciate that going into a new country, creating platforms and solutions, fully compliant in a regulated environment, takes a certain amount of time and it takes a little bit more time to convert the clients, or rather the potential clients, into a real client. And it takes time. It's a time-consuming process, but it's a very, very rewarding process, especially when we all know the stickiness of these contracts, where we seldom, you know, lose a contract once we have. It's a very complex piece of work. And last quarter I had updated about our wins in Thailand.

I'm happy to announce that we have cleared 70% of the milestones in terms of the go-live and into the upcoming quarter we will be going live, which marks the first fully live contract in Thailand, even as several new potential clients we are in discussion with on the back of this particular contract. We have also been winning nearly 60% plus contracts in the GIFT city. During the previous quarter we have added three new asset managers.

We have secured additional contract in Hong Kong from our existing client, even as the pipeline has increased beyond 25 million dollars, which we believe, you know, all the different phases of sales lifecycle and hopefully we'll have many, many wins in Q1 and Q2 of this year. Alternatives market, you know, had been the fastest growing for us, you know, the previous year. Our revenues have nearly doubled in the period of 2024.

Even as the AUM has grown 60% plus year on year, we totally managed about 472 plus funds, marking the market share of nearly 37% in terms of the total funds that are there in India. Here we not only been new mandates, but we have also been pioneering several transitions from other registrars in the country and beyond. We continue to have the only, you know, fully integrated transparency and fund accounting platform with full digital stack for alternatives market with a multi-currency, multi-geo, multi-asset, now multi-lingual capabilities as well, called XAlt, which is something we've launched in the previous quarter.

Migration of all our clients is undergoing at this moment in time. We believe that in the next coming quarter we would have wrapped up the migration of existing clients, even as all the new clients are directly onboarded into this particular platform. National pension system already called out.

Again, a younger business, but something that's been growing much, much faster than the industry, nearly three times, two and a half times the pace of the industry we've been growing. Our market share has moved from zero to nearly about 10% in a matter of three and a half years, marking our delivery excellence and our FinTech innovation that we're bringing to an industry which we believe will, you know, rapidly rise in years to come, even as pensions as a topic will be adopted by the larger populace of the country. The overall industry performance is something that is, you know, very visible to everybody.

Mutual funds have had a spectacular year, 30% plus growth year-on-year for the industry. And we offer a fairly reduced risk profile, not necessarily on a single AMC, given we manage 60% of the industry. You know, it is a secular growth across all of them. We do believe that there are quarters when a certain AMC grows versus certain others in different quarters. All of that, you know, gives us good confidence to continue to grow at the similar growth that we have witnessed in the previous year. The SIP, which is obviously the most resilient factor of this business, has moved in the last three years from about 92 billion to about 192 billion, so more than doubled.

And this obviously provides a much needed resilience, not just for the mutual funds market, but also for the capital markets itself. Our growth in SIP had been higher than that of the industry, we're at about 43, 44% on the total market share, as against 33, 33.5% on the overall AUM, which implies that the catch-up that is required between 33 to 44% will happen over a period of time into the coming quarters and years.

On the alternatives, we have still, I think, nearly about 50% plus of the capital committed versus the capital drawn down gap that exists, which means that on the same client wins that we already have, there is a significant amount of capital that needs to be drawn down by the fund managers, which means that the revenue in the existing client, let's say, there is a significant scope for growth in this year and into the coming years, even as new clients we continue to add every single week, literally in the case of alternatives. Expansion of DMAT accounts obviously offers very well for our issuer services business.

In the preceding quarter, we have grown 20% plus year-on-year in the case of issuer solutions, and we have excellent visibility in terms of a similar growth profile that we could see through the fiscal year 2025. Moving on to the international, which I have already covered a bit of it, but we have in fiscal year 2023, 41 clients in total, and this year we have concluded with 57, so that marks an addition of 16 clients. The growth of this business, especially the wins, as I've called out, the transition can be a bit protracted at times, which means that at no point in time will we have a full year's revenue given we are winning new clients.

For some clients, there may be a transition revenue, for some there may not be, for some which may have gone live now, or some which may go live six months henceforth. So it is hard to exclude any one-time revenues in this, but this would be an ongoing phenomenon of new client wins and some contributing to a one-time transition revenue and some that may not. But a full year revenue of the wins that we've had through this year can only be felt six months from now. But of the wins we've had during FY23, some of that has already been made into the numbers, even as five more clients are yet to go live in the Q1 of this year.

We have added one of the first-tier contracts in Singapore, the one that we called out in the previous quarter, we have gone live. I've already called out about the silent tier as well, and we continue to look at opportunities to expand the Philippines as a market. Recently we have held conferences in Philippines, a partner with the regulator to add significant value to that entire ecosystem, even as we intend to do the same in Malaysia and Singapore in this particular fiscal year.

In terms of people, I would like to just shift a little bit focus into where we are on the expense management and in terms of the people. You would have seen there is a 2% growth quarter on terms of expense and a little over 20% plus over the previous year. This is our commitment for delivery excellence and investments for future growth.

A good part of definitely the payroll expense is something that we are investing in, in terms of audit and surveillance management. It is an exceptionally regulated industry, as we all know, that also gives us the moat that is required from competition. We have been investing significant amount of money, both in terms of the platform solutions and into the people, to add the resilience that is required for the regulatory compliance work.

It is something that we believe over the next one year we would have done with our investments in terms of compliance requirements on the platform, which is something that we believe over a period of time will pay rich dividends in terms of reducing the operational costs associated with that. Some of these are one-time in nature, if I may, and once done, we will be chipping off both in terms of headcount as well as a spend on the technology.

Next one, of course, was going to be on the investments in leadership of the businesses. We are creating CEOs of the future for every line of business. We believe that each of these businesses themselves can be 100 million dollar businesses in times to come. Accordingly, people who have the caliber of that nature are being recruited and some of that cost is there.

Of course, that is something that will continue to happen even as we build an organization for the future and indeed a global fund administrator from India. We have been very excited about the wealth management space. I've been calling it out. We have recently signed with one of the largest NBSC to deliver to the wealth solutions even as we have nearly completed the new wealth platform which is fit not just for India but for the rest of the world. We anticipate to launch this particular platform late Q1 to early Q2 even as we have onboarded several clients in this quarter at various specific business process modules being adopted in the case of wealth management for this time. We have also signed one of the largest custodian bank for accounting solutions for the alternatives market.

Last but not the least, very happy to inform you that two of the subsidiaries, the acquisitions that we have done in the preceding year and the one prior to that, Hexagram and Webile Technologies, have both turned a cash profit. In fact, Hexagram has clocked a 45% EBITDA margin, much higher than expected in the context of the new ways that we've had and hopefully this would be the start of the significant growth trajectory for all of the subsidiaries that Kfintech has at this point in time. I will take a pause here and I will turn it over to Vivek to cover the financial performance after which we will take any questions.

Vivek Mathur: Thank you, Sreekanth. Good morning, everyone. On the financial performance, the revenue from operations has sequentially gone up quarter on quarter by about 4.4% and year on year for the same quarter by about 24.7%. If you see the composition of the revenue mix, the revenue from domestic mutual fund is about 69%. Within that, the fee-based revenue, the VAS revenue is something which has grown exponentially in terms of the growth. The issuer solutions continues to be about 13% of the revenue. International and other services, revenue has grown from 9% last year to 11% this year and that's what Sreekanth explained in terms of the composition of the new wins that we have been having.

The global business services, the mortgage service business, the contribution to revenue is about 4% and then there is other operating income of about 3%. So overall, with the buoyancy of the domestic mutual fund market, we have seen that the companies have, the clients have actually moved from in terms of tier structure to a better structure in terms of their cost and we have seen a dip in terms of the yield while overall it remains robust. So overall, 16% change in year-on-year in terms of growth on revenue from operations.

EBITDA margins have seen 6.8% growth quarter-on-quarter and 23% year-on-year and we believe that we continue to operate in that range of 40 to 45%. For the quarter, we have ended with 45.8% EBITDA margin while for the year, we have clocked about 43.8% margin which is 238 bps higher than last year. PAT is 30.6% growth sequentially in terms of same quarter last year. Quarter-on-quarter there is a growth of 11% and if you see year-on-year, we have seen a growth of about 25.7%. So 246 crores of PAT and the PAT margins are in the range of 29.4% which is 220 bps higher than last year in terms of the overall margins.

So the economies of scale, the investment that we have been doing in terms of technology and people is paying off in terms of market rewarding us in terms of new contracts coming in and we have now maintained a cash and cash equivalents of more than 400 crores despite repayment of RPS during the year. It's a healthy cash and cash equivalent that we carry and as a result of that, the board has actually recommended a dividend of INR5.75 for this year which is subject to the shareholders approval. So this is a maiden dividend by the company. We have never declared a dividend in the past. This is going to be the first year subject to shareholders approval. Happy to take questions now.

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

Abhijeet Sakhare: Hi, good morning everyone. Just on the international slash alternatives, if it's possible to give you know further breakdown of let's say international and alternatives separately and then part B is that how much of this revenue is actually linked to AUM growth and how much of it is actually you know platform deals and something which is let's say one-time in nature.

Sreekanth Nadella: The international and the other investor solution, as you know, covers about four distinct items, which is the GFS, which is our international fund services, alternatives, hexagram, which is on fund accounting administration side. Part of that, of course, also is for the international market. Broadly, the pure international-international is roughly about 40% of that, and about 35% plus 35% thereabouts would be the alternatives and the rest would be the other businesses. In terms of the revenues attributable to one-time platform deals, especially the international one, almost all of that is on AUM base. The platform-based revenue is usually on the hexagram side of it, which is a platform-based fund accounting solution.

Abhijeet Sakhare: And the hexagram part of it is, when you say it's platform, do we understand it as you know one-time or it's in part one-time and part of it is actually recurring and some sort of a license fee that is charged every year?

Sreekanth Nadella: It is the latter. So, every contract that we have on the fund accounting side, when a platform is deployed, there is a one-time platform fee and there is an ongoing customization change request fee that comes because no platform ever remains exactly the same. So, it's revenue that we generate every single year, even if the contract has been implemented in a given year.

Outside of the change-related revenue that we draw, there is also the annual maintenance contract, which can range anywhere between 25 to 35 percent and on the increased value of the platform, including that of the change request. So, it is not a one-time episodical revenue, but there is a recurring revenue attributed to every contract that we have.

Abhijeet Sakhare: Got it. And it's good to see the number of deal wins and the pipeline sort of filling up, but it will be useful if we can start giving something like a TCV number or some way to track what is the forward outlook on growth coming from this business.

Sreekanth Nadella: Absolutely. So, I think during this year, sometime you definitely see that happening. As mentioned in the last year, we were waiting for certain amount of gravitas to happen for each of these businesses. I mean, that in the magnitude is important and as you've seen, 50% growth year-on-year and each of the businesses are getting larger, it would be a lot more meaningful into the coming quarters as the size of each of the Rhino businesses starts to make sense. And it's one in which we will do that.

Abhijeet Sakhare: Got it. And the last one for Vivek is, what's the expense growth outlook for next year?

Vivek Mathur: So, expenses will continue to grow in a range of about 10%. And that's what we expect that, you know, except the investments that we will do in terms of expansion into new markets, which will be one of, as we are looking at getting into, you know, more aggressively into Thailand awaiting RBI approval. And then Singapore, we want to expand further in terms of having physical presence. So, there will be new investments that we will do, which will take a slight one-time hit in terms of setting of expenses. But that's what the outlook is.

Abhijeet Sakhare: Thanks a lot. I'll come back in the queue.

Moderator: Thank you. The next question is from the line of Madhukar Ladha from Nuvama Wealth. Please go ahead.

Madhukar Ladha: Hi. Morning. Congratulations on good numbers.

First, you know, I think partly you covered that in the previous questions. So, you mentioned 40% is international, 35% is the alternatives India business, right?

Sreekanth Nadella: Are those numbers correct? That's correct. Of the international business, of that segment of international.

Madhukar Ladha: Of the segment of, Yes, Yes. And did you quantify the one-time? I believe there is some one-time revenue in this quarter.

Sreekanth Nadella: Won't be more than 5% of the total revenue. And again, when you say one-time, I want to be little, you know, clear about it. The one-time revenue is for hexagram usually, which is where we have platform-based deals. We offer fund accounting as a platform for asset managers, whether you're a pension fund manager or an insurance fund manager. And that is there. In the case of pure international fund services and for alternatives, there is no one-time. Everything is a recurring revenue. There can be a little bit of transition revenue that we may get. But that will be immediately followed by recurring revenue on a monthly basis on a basis point.

Madhukar Ladha: Understood. Understood. So, only on the hexagram side, there is a 5% sort of one-time contribution in the total sort of revenue for the quarter. Yes. Got it. And we are also seeing a good margin improvement in the investors, in the international other investor segment, right? So, what is driving that actually? And what should we expect in the near term, maybe in the next couple of years?

Sreekanth Nadella: So, as I've explained, first of all, that section of international solutions is a, you know, aggregation of a few lines of businesses. And as they achieve the requisite scale, they will carve out individual sections for that, which may happen this year for some of the businesses for sure. The profit growth is, you know, is only but expected in the context of the scale and deficiencies one would draw as you start winning more and more clients.

My personal belief is that they are all still subscale and the margin expansion that is possible in each of those businesses is far higher than what we could accomplish as of now. For example, the international fund services. We have a lot of funds, but probably, you know, not a lot of AUM as you might have seen it, because, you know, a good number of them are small to medium tiered entries.

And to a certain extent, you know, the markets in Southeast Asia hadn't been anywhere close to that of Indian markets. So, the world is expecting that the next, you know, three to four years you would see a significant uptick in the growth of the Southeast Asian markets. As that happens, from our current client itself, the AUM will grow.

That is a mark to market growth, for example, as what we have seen in Indian markets this year and the previous year. So, the margin expansion for international is actually far higher than for Indian mutual funds for three distinct reasons that I had called out. And I will, you know, for the benefit of all, explain again.

One, the unit dynamics are significantly in favor of us, which means that as against a 3.7, 3.8 yield, you know, basis point of view, we draw about 5.2 there. Second, in terms of the effort required, for example, a thousand crores of AUM to process in India may require a million transactions. The same in international markets can be done with about 100,000 transactions. That means with about a tenth of the effort, you will be able to deliver equal amount of AUM. And three, we do not have telescopic pricing. And in fact, in most cases, we have goal of process, which means our unit price itself will keep going up, you know, as years pass by.

So, technically, the scope for the margin expansion for international is far higher than that of India. And what you are seeing now is basically, as we are adding more clients and certain amount of standardization, industrialization comes to play, there is already a margin expansion, you saw. But we'd like to believe that as the scale further increases, you know, quarter after quarter, year after year, we should see a higher margin expansion possibility in this business.

And same is the case with pensions, same is the case with alternatives. Alternatives is another classic example. It's a very bespoke asset management fund administration, unlike mutual funds. And no two clients, in fact, no two funds of the same client are, you know, same or similar. But once you have sufficient number of funds, we should be able to drive at a business process level as against a client level. That would drive a significant amount of efficiencies and a cost reduction and hence a margin expansion over a period of time.

Madhukar Ladha: Understood. So, just, you know, again on the previous caller's question, you mentioned that there would be certain increase, one-time sort of expenses because we're expanding in Thailand and in other international geographies.

Could you sort of quantify what is, so 10% is sort of the normalized run rate of growth in expenses, and the one-time expenses expected in FY25, could we sort of have a quantification of that?

Sreekanth Nadella: So, I do not want to generalize, but let me explain in terms of what, you know, under what circumstances do we have a one-time expense, right? First would be starting of a new geography. Starting of a new geography, I'm loosely using the word geography, but let's say a country. A certain amount of platforming work needs to be done, and it is quite complex. It takes a little bit of time to, you know, think of it like a brand-new RTA coming up in India, right?

It hadn't been easy for anyone to set up another RTA here in India, but we are able to do it in five countries in five years. So, as complex as it is, I believe that, you know, we have understood the best way to go about it, and obviously, for the intervening period of starting a new country, there is a certain amount of one-time expenditure that will have to go for the platform generation. Second, obviously, till the time we've been in the deals, there is no revenue, and the cost of the leadership and the feet on the streets that you have to set up for your initial, you know, seed clients, a lot of that after happens, honestly, organically through word-of-mouth, etc.

That is another, you know, one-time expense that you would see typically. Now, we may or may not start a new geography every single year, though we have done it in the last five years. So, if there is no new geography starting, there is really no one-time expense associated with that particular country, so to speak.

Now, second, even if you are not starting a new country, we may have one, let's say, three or five new contracts in a new country, and in some cases, we generate the revenue for transition, too. Now, that depends on the commercial dynamics with the client. In some cases, it is possible that we do not own a transition revenue, but a mere, you know, go-live revenue onwards. In some cases, it is a brand-new client, which means a fund who's starting with zero ringgit or dollar AUM. In some cases, it is a transition from an existing fund administrator to KFINTECH, right? Obviously, in the latter case, there is going to be a certain amount of transition.

In the former case, where it is a brand-new fund, there is no transition, because you're just setting somebody up. So, it is a combination of all of these. I would really love to give, I know there's a lot of interest in understanding this particular question of one-time, but if you're going to win three to four deals every single quarter, you know, you will always have this, you know, some that may have a one-time, some that may not have.

As is the case with the expense, same is the case with the revenue as well. So, there may be a one-time revenue, there may not be a one-time revenue, but I would urge the stakeholders to consider this as an ongoing regular phenomenon. This is something that I do not believe will stop in the near term, because we'll continue to win deals, and as that happens, we may have one-time expense and one-time revenue, or we may not have, but broadly, they will more or less, you know, cancel each other out, the effect of both the revenue and expense associated.

Madhukar Ladha: Understood. And just on the, one more question on the issuer solution side, have we lost a few companies on, in the NSE 500? Because I think the number of clients' share has dropped over there. Is that reading correct, or, and why would that typically happen?

Sreekanth Nadella: No, we have not lost any of the clients. In fact, we have been transitioning clients from other registrars to KFintech, including State Bank of India, you know, earlier this year, Usha Martin. The previous year, we have done a transition of Varun Beverages, Devyani International, Castrol, Union Bank of India, so on and so forth. What you would have seen is, based on the new IPOs that have been launched this year, we have 500 companies.

Madhukar Ladha: So if you see, I think, on the slide, it is showing as NSE 500 companies, the market share has dropped QOQ from 37.3% to 36.8%, or have I made a mistake?

Sreekanth Nadella: That market share needs to be measured in terms of the market cap of the companies, not the number of companies itself. Of course, the market cap by itself is not, it's not in our control. Again, some companies perform well in certain quarters and some not. It's not a count of the companies as much as it is a market cap of the company.

Madhukar Ladha: I think that you've given separately as market capitalization by market capitalization is 46.1%. And by number of clients, it's showing that 37.3 going to 36.8.

Amit Murarka: Sreekanth, do you want me to take that?

Sreekanth Nadella: Yes, please go ahead.

Amit Murarka: Thanks. Madhukar, you know, see for these NSE 500 companies, like what Sreekanth was alluding that, you know, the movement of market capitalization is not something which is under our control, right? And hence, I mean, the number of clients in that bucket, the number of folios and the market capitalization, all three parameters basically are all dependent upon, you know, how the bucket of that 500 companies keep, you know, changing depending upon the market cap movement of respective companies in that, you know, the segment. And hence, I mean, what you're seeing here is, is pure movement in the number of clients based on the market cap fluctuations in that particular, you know, the 500 bucket and all. So there is no loss of client as such. It is purely that, you know, more transitory in nature that some of the clients who might have, let's say, underperformed versus the other clients. And hence, I mean, those clients which got added into that, you know, the NSE 500 companies may not be, let's say, our client at this stage and all. And some of the clients might have moved out of that bucket. So there is no loss of client. It is simply that, you know, the clients shifted from NSE 500 to, let's say, NSE 1000, you know, set and all because of pure market cap movement.

Madhukar Ladha: Understood. Understood. I got it. I got it. Thank you for the explanation. Thanks a lot. That makes sense. Understood.

Moderator: Thank you. The next question is from the line of Bharat Seth from Quess Investment Advisors. Please go ahead.

Bharat Seth: Hi. Thanks for the opportunity, Sreekanth. Just one question.

The kind of business that we are in, people is one of the major assets apart from the technology side. Is that correct understanding?

Sreekanth Nadella: Without a doubt. Absolutely.

Bharat Seth: So what is our strategy to retain, I mean, our -- this asset and for a medium-term perspective, what exactly we are going to do because our ESOP is getting over. So how do we plan to retain this?

Sreekanth Nadella: Great question. Thank you. And that is something that obviously is much celebrated within management as well as with our board.

Yes, I think the last pool of ESOP, you know, is probably nearly at the end of line. And as all good companies with good corporate governance, you know, we will look to have additional pool, you know, its in the works. But that is not the only mechanism to have, you know, top talent working for an entity.

I think, you know, we are all working for, you know, a very larger, I mean, a larger goal beyond just the commercial growth and probably an individual or a career growth itself, which is, you know, we believe we have a very unique opportunity to create, as I've been calling it out time and again, the very first global fund administrator coming out of India. You know, in some sense, it is the moment of how Indian IT industry, you know, late 90s grew. One odd company has started the process of creating a global company and then after 30 years, look at where the industry is.

I respect the fact that, you know, the fund administration industry is not as large in market itself as a pure IT industry, but it is still, you know, roughly a $20 billion, $22 billion revenue industry today, right? I mean, look at the global fund administrators, you know, there is not one from India and there is not half a decent reason why not. So we are all working with that much larger anchor goal of creating something, you know, that doesn't exist.

Now, those things matter a lot to all of us and not just in the commission. So, of course, you know, we continue to provide, you know, best in class comp structures, which is something that is probably visible in the payroll expense that you would have seen quarter on quarter, year on year, apart from the other, you know, incentive mechanisms, whether it is long-term incentive plan or the ESOP management, you know, beyond this. Also, the growth of international gives a very unique opportunity for our leadership to work beyond borders.

We have already sent nearly about 15 people to work out of Kuala Lumpur, a few people in Thailand, very soon as we expand into Singapore and the rest of the world, you know, we are able to provide opportunities to work and, you know, have a very enriching career, you know, in various parts of the world. So we believe that a combination of all of these, you know, would be the critical reason for talent to persist with us. And if you look at our top talent, you know, we are very happy, you know, at the moment in terms of our top talent retention over the past four years.

Bharat Seth: Great. Second question now, we have already making a presence in the Southeast Asia market as well as Middle East also. So any strategy for going into the Western developed market and what would be that strategy, maybe in a short term, medium term?

Sreekanth Nadella: Thank you so much. No, without a doubt, you know, starting to win mandates in Europe and US is our immediate next goal in addition to Singapore and Dubai. It is but sitting obvious, I mean, you know, nearly as much as a growth of this generation, you know, had been and will continue to be in Asia.

The current residual wealth is pretty much distributed between Europe and America. About 70 percent of the global wealth sits out of Europe and US. And to be a Global Fund Administrator, not being there, we are not global. We are probably the best regional in Asia, you know, in parts of Asia, if I may. So that is not what we intend to do. When we say global, we truly believe that it is across US and Europe included.

We haven't yet started our operations in that part of the world, notwithstanding the fact that we have about, you know, three odd funds that we manage, you know, for a client in Canada. But it is not a rapid expansion. And that is something that is purposefully being done to call out more specifically the growth in the West will largely come on the alternatives side of it.

And to be a credible Fund Administrator in alternatives, you need to be not just excelling in transfer agency, but more in fund accounting and administration. And for that, the first port of call is to have a platform which works for each of those domiciled entities. And that is what our focus has been. We have launched, as I've called out in Q4, a platform for transfer agency for the entire world called XAlt. Our fund accounting platform largely supports many parts of the world, as it is a multi-currency and a multi-asset. But it still needs to take into account a series of structures set up that are there in typically Cayman Islands and Luxembourg and Ireland, so on and so forth.

And we are and we have been working on that part of it. So it is a carefully constructed strategy to look at geographies and what is required to start. Because our line of business can't be equated to an IT or a BPO business, where technology does not differentiate between whether it's India or US or Europe.

Our line of business requires us to create the capabilities for our respective countries. So we believe that during this year, should our platform be in a state to move, we will make all efforts to start at least one geography in Europe, if not more. But it is a three to five year plan. We believe that over the next three years, we would have definitely started many countries in Europe and definitely in the US as well. Now this is outside of any M&A activity. As all our investors know, we have been extremely progressive on our merger and acquisition strategy.

Not just acquiring, but making them profitable within the first one to one and a half years. We are constantly on the lookout and should any of the target acquisitions work out, probably we will start sooner than later.

Bharat Seth: And last question, we have already won some of the clients which are there in the GIFT City. So any plan to open an office or a company registering in the GIFT City to have better accessibility as well as a lot of taxation advantage?

Sreekanth Nadella: We already have an entity in GIFT City, which is there to support all the locally domiciled funds. That is in fact the mandate. We cannot manage the AI, the alternatives that are based out of GIFT City outside of GIFT City. So we have a center there. However, we are working towards creating a much larger center and a footprint to move all our personnel who work on international business to be there. And that is obviously goes through the regulatory process.

Today we have nearly 1,000 individuals who work on international business between the global fund services and the global business services on the market. As and when we get through the necessary regulatory approvals, we will set up a larger base in GIFT City, even as we already have one today for the alternatives.

Bharat Seth: Okay, thank you. All the best.

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

Aejas Lakhani: Hi, congratulations team on phenomenal execution in 2024. Credit to all of you. Sreekanth, just two quick questions.

Point number one is on the main business of domestic mutual funds, are there any client negotiations that are likely to come up in FY25 that could compress yields? That's question one.

Sreekanth Nadella: Hi, good afternoon. We have had, I guess, a year which had the most number of commercial negotiations. That was the year that just concluded in March 2024. We have no more client negotiations pending for the next year.

Aejas Lakhani: Sreekanth, question number two is, I'm inferring from your previous conference calls where you've spoken about potential acquisitions in Europe and America which you've been keeping the cash pool for and just triangulating from the dividend payout that has been already announced. Is it fair to and your previous comment right now of your Europe region, is it fair to understand that nothing large or material is poised on the table at the moment and the Europe endeavor is largely going to be organic rather than inorganic?

Sreekanth Nadella: Great question. So we, as Vivek had articulated, there is little over 400 crores of cash on books and including receiva bles it will be higher. And every month there is cash coming into the books and we have retired all our debt including the RPS previous year. So given the current cash and what is accruing every month, we believe that what we could accrue should be adequate for an acquisition that we will look at.

And should there be a further need we can always do a certain amount of leverage. Cost of equity is higher than that of debt anyway. So I guess it's fair to say that we are very intentful of acquisitions but not very large acquisitions. And you might have seen through our strategy, our largest acquisition was less than $10 million. And we don't need such large acquisitions. In fact, we are unfavorably predisposed towards large acquisitions in terms of that success rate.

We prefer to have the M&As in the range of $10 to $15, maybe the next $20 million because it is our ability to convert them and make them more profitable in real quick time. And importantly, assets which open significant addressable market. It is not our M&A strategy to buy out companies just to add revenue and profits to the book.

We look at companies which open up addressable market. For example, if you look at Hexagram, it has helped us to create our international strategy in terms of fund accounting and administration. When we acquired the Deutsche Bank set up in Malaysia, it given us the start for the entire international business itself. Our investments into the account aggregation. So that's how the M&A strategy typically is for us. It is not necessarily to buy large entities to just add up the top and bottom line.

So long and short of it, I think the cash what we have and what we would be accruing into the coming months and quarters, we believe would be adequate for an acquisition that we may have. And it is only after all of these careful considerations we have initiated the dividend policy as well this year.

Aejas Lakhani: Perfect. And Sreekanth, the headcount was closer to 5300 flat-ish in the first half. What is the headcount today? And could you also speak about the infra strategy where you had where you were migrating people to Bhubaneswar, and you were looking to set up something in Vijayawada as well. How is that transitioning? How is that progressing? Because that was helping you moderate opex costs. And what has been the IT sense for the year? Thanks. That's all from my side.

Sreekanth Nadella: Absolutely. Thank you. So that strategy, we are doubling down our commitments for tier 2 locations.

Last, when we spoke, the headcount in Bhubaneswar was about 60. Today it's about 300. I think it's been an excellent journey for us partnering with the universities and the quality of the personnel had been absolutely a revelation for us.

So earlier in Bhubaneswar, it was largely a tech technology team. We have operations also being run from there. Same is the case with Vijayawada. Of course, we are creating different centers of excellence for different types of work. For Bhubaneswar, it's largely on data and analytics. On Vijayawada, it's aspects of mobility solutions.

Gujarat, we are looking for certain aspects of technology and certain aspects of operations. We believe it is the future of work. We cannot have a large centralized setup in large metro cities to cater to clients with ever-expanding payroll costs and real estate costs associated with that.

And more importantly, I think the other downsides could be around attrition, so on and so forth. And we all believe that it's very important we have a social responsibility as well. I think when we have qualified, talented personnel sitting in Tier 2, it is the duty of every corporate to be able to provide the employment generating opportunities in every Tier 2, Tier 3 city.

So those three cities that you spoke about, while it is a start, we believe this journey will continue. We are constantly looking at opportunities. The future of work model for us largely relies on the collaborative platform based on working instead of physical proximity of individuals.

So we have worked extensively over the past 3-4 years on that, which means that we can open any number of nodes in various parts of the country, non-bound geographically at all. As for the headcount, yes, it's been flattish, and I think that's a sign of productivity gains driven through automation more than anything else. And all the investments into the technology, this is exactly how it manifests in, which is not to just keep adding more and more headcount as the volumes and lines of business has increased.

Having said that, we definitely have a few more people today than what we had in the average of the previous year. And as I said, that's largely on account of two factors. One, additional headcount for regulation and compliance, which I believe that is short to medium term in nature.

Right now I have the count definitely on the books. But we are automating a lot more of that component so the dependency of human beings is coming down. Second is the growth of the subscale businesses such as alternatives and international businesses, where, you know, till such time as scale is accomplished, we will need a few more people.

But both of these will taper down into the coming year.

Aejas Lakhani: Got it. And what has been the IT spend as a percentage of revenues?

Sreekanth Nadella: As a percentage of revenues, it should be about 21%. I mean, if you have a specific number, you can probably go on with that. I believe it will be around 21%.

Aejas Lakhani: Thanks and all the best to you.

Moderator: Thank you. The next question is from the line of Pranuj Shah from JP Morgan. Please go ahead.

Pranuj Shah: Hi, thank you for the presentation. Just two questions. One on the yields in the mutual fund business. I've seen a decline this quarter, even the equity share has gone up. Is this entirely because of telescopic pricing or like Sreekanth mentioned, there were a lot of renegotiations in FY24, so there is an impact of that?

Sreekanth Nadella: It's a combination of three distinct factors. Definitely telescopic pricing. Obviously, we have all witnessed a dramatic increase in the AUMs this year, obviously contributed by individual asset management companies.

Some AMCs grew much faster than the others, which is publicly available information, as you know, and obviously when AMCs go through a series of hurdles in terms of the telescopic rates, obviously there is an organic reduction in the rate that happens because of the growth itself. Second, yes, such an amount of rate renegotiation also has contributed to that. Third, while equity definitely has grown, it should also be noted that the passives have grown faster than equity for the entire industry, not just us.

Obviously, the asset mix change also has slightly adversely impacted. A culmination of all of those three is what has resulted in the yield compression. I think it's heartening to see actually that the yield compression isn't significant in the context of several renegotiations, a significant spike in AUM, as well as an asset mix which had actually more predisposed in favor of ETFs, which eventually means that there is upside from here than downside.

Pranuj Shah: Thanks a lot. Just on the renegotiation part, was the impact primarily in 4Q or it was spread out throughout the year?

Sreekanth Nadella: It's spread out, I think, a bit through the year. Some may have been in Q3, some in Q4, depending upon which contract and the client.

Pranuj Shah: The second one on the dividend, you have a 40% payout this year. Is that still fungible from year to year or that would be a stated policy of around 40% to 50%?

Sreekanth Nadella: Vivek, would you want to throw that?

Vivek Mathur: Yes, sure, Sreekanth. Thanks. Dividend will depend on yearly performance, but we would like to establish that whenever there are good results, the company would recommend dividend to be paid to the shareholders, the board would recommend. And this is basically a start of the maiden dividend. And we do hope that the market is supportive and the results continue to be encouraging. We should honor the returns to the shareholders, but each year will be different.

Given the management's recommendation, we would like to continue the trend of dividend payout subject to results being encouraging. And we do expect the way the market outlook is and the results that are coming up in terms of the overall Indian economy and our segway into Southeast and our aspiration to go beyond. We should continue to do well and we want to actually honor and respect the shareholders' returns.

Pranuj Shah: Thanks, Vivek. That was very helpful. Just to end last, your headline EBITDA margin target would still be in the 40-45% range for full year going ahead?

Vivek Mathur: Yes, we remain committed to 40-45%. And if you see the last quarter, it has actually crossed. But our guidance remains 40-45%.

Pranuj Shah: Perfect. Thanks a lot. That's it from my side.

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

Supratim Datta: Hi, thanks for the opportunity. So my first question is on the issuers RTA business. Now, if I look at the issuer RTA business, it looks like the market share within main board IPOs has increased significantly in the fourth quarter versus the third quarter. Although we haven't seen any quarter-over-quarter revenue acceleration. So just wanted to understand that, you know, is there some delay in the revenue from these coming through? And another question on the issuer RTA solution businesses. Could you give us also what is your market share within SME IPOs? I'll wait for the answer before I move to my second question.

Sreekanth Nadella: Sure. Thank you. Thanks for asking that. On the revenue quarter-on-quarter growth, it is the nature of this business, Q2 and Q3 of every year will always be much better quarters in issuer solutions compared to Q1 and Q4. That is largely on account of a series of corporate actions around dividend declarations, buybacks, a lot of mergers, demergers that happen. So if you see the corporate issuer business over the last any number of years, you'll always find a Q2 jump over Q1 significantly higher.

A Q3 will also be higher over Q2 but when it comes to Q4, much of the corporate actions would have died down and hence you would always see a slight degrowth in fact on quarter-on-quarter basis, though you will find a reasonable jump from a year-on-year standpoint. In terms of the, I hope I answered that question. In terms of the IPO market share, we have 45% market share by value in terms of the IPOs and as I've called out, we've been successful in transitioning existing clients as well.

I know from some of the competition that is largely based on the superior technology that we offer as a solution to our clients and the industry has been witnessing that and I hope the trend will continue. Now coming into this Q1 of this year, all the IPOs that we've done in the previous year and obviously the expansion of DEMAT in itself in the previous year will act as a post-multiplier from this quarter onwards. Even as new IPOs we have won, those will be launched.

Sometimes it is also a timing factor. For example, we have a significant number of large-cap IPOs, though the mandates were won, but they have not yet gone public. That, of course, is a factor when the company wants to go public and hopefully in this quarter and the coming quarters we'll see a significant uptick in that side as well.

The SME IPO is a segment that we have started venturing only in the previous year. Traditionally, if you see KFintech, we were more focused on the main boards. So we can't really claim to have any significant market share in this new IPO, but now that we have taken it as a strategic item for us to also get into SME IPOs, you will see a significant growth in that segment in this year and onwards.

Of course, we have near about 5,000 plus unlisted clients. Now some of them will also go on to go public and that will also help us. But broadly what you would witness is a pretty revitalized focus to drive the issuance of this business much faster, in a much more concerted manner than in the past and hopefully that will result in a faster growth trajectory in this line of business in this year and onwards.

Supratim Datta: Got it. Thank you for that detailed answer. Now moving to the international business, could you give us a sense of how much of the AEM would be contributed by your top 5 clients? You have now added a few clients in Thailand and Singapore. How much of AUM would they be able to add in FY25? Could you give us some sense around those two markets?

Sreekanth Nadella: Our top 5 clients would contribute to near about 60% of the revenue in the international fund services. In terms of FY25, my total pipeline is about $25 million on a recurring annualized basis, should all of them be one. But of course, there is always going to be a timing gap as well as deals that may not be won or get deferred, so on and so forth. We have large deals. I know I've been mentioning this in the past three quarters. Of course, only one of them got fructified, which is a Thailand-based deal.

The two deals that we are chasing, one based in the Philippines and one based in Malaysia, we are hoping they would fructify in this quarter itself, given the stage of closure both those deals are at this moment in time. But of course, nothing is done until it's done, so we'll have to wait and watch. But outside of that, we are doing a significant amount of upsell and cross-sell.

If you recollect, we have about 24 client contracts for fund accounting in that part of the world and about 37 for a transfer agency. And some of them are common, which means for the same time, we are able to offer both. But what we have started to do is use this opportunity to significantly cross-sell TA to the clients of SA and vice versa.

And of course, getting more contracts from the same client. As we have seen, for example, we have presence in Hong Kong. We are managing the distributor transfer agency work for one of our clients. And we have just signed a full-fledged MF TA contract with the same client. So the client could be the same, but then we are able to win additional contracts from the same clients as well.

Supratim Datta: Thank you. Thank you.

Moderator: The next question is from the line of Dipanjan Ghosh from Citi Group. Please go ahead.

Dipanjan Ghosh: Hi. Good morning, sir. Just a few questions. First, taking cues from the last question. On your issuer solutions business, I understand that not all of the revenues are linked to folio count. But if I look at it on an annualized basis, like issuer service revenues per folio, that have increased over the last one or two years to a decent number in FY23 and 24 versus FY22 levels or even 21 levels.

Just wanted to get some sense of how much of this is linked to higher value-added services or higher non-folio linked revenues coming in from that segment and how much of it is led by, let's say, more number of IPOs happening during the year or maybe in the course of the next year. In other words, if you were to forecast this number, how should one think about the revenue trajectory from both a folio and a non-folio perspective? Second, you mentioned the number of 5% of revenues during the quarter being linked to upfront income on the hexagram entity, which obviously will have a certain recurring component attached to it going ahead.

This 5% will be 5% of your total revenues for the quarter or 5% of your international and other investor solution revenues. And the last question from my side is on the domestic alternatives business. I understand that you have shifted to more of an AUM-linked revenue model, whereas maybe some of your competitors might still be on a flat fee with a slab-wise structure per scheme revenue model. Just wanted to get some sense of the stability in pricing in this particular business segment that you see evolving in the marketplace.

Sreekanth Nadella: Great question. Just in the reverse chronological order, yes, we have migrated to AUM-based pricing, and I believe that is the right way to commercialize this particular piece of work. It is a highly bespoke work. It can't be done on a headcount-based model. And honestly, there is precious little talent that's available. If you attend any of the alternatives, industry conclaves and symposiums, one of the most common grievances you would hear from the industry, if not a grievance, at least a feedback, is that they want to create several more structured funds, several more nuanced way of fund setup.

But the fund managers are actually stifled by, to an extent, a lack of technology and the people who can actually create those kinds of funds, which are probably very common if you were to go to Singapore or some of the other parts of the world. So to that extent, given the complexity of the work that is involved with that, I believe that even though we have converted into AUM-based pricing, I believe that we are significantly still undercharging the work and the complexity of the work we do. There is a significant scope for expansion on the billability.

To give you a comparison, a typical fund administrator, if you were to have a fund in Mauritius or Luxembourg or US or anywhere, they will charge anywhere between 15 to 25 basis points. Here in India, we are charging just about 2 to 3 basis points. And you see the gap, and that is largely a factor of maybe undue competition, which is not right, actually, to be on a point.

Let alone a fixed fee structure, which is just completely meaningless, honestly, to run in this line of business. So yes, we have converted into AUM-based fee, and I'd like to believe that in time to come we actually have to find ways to increase the basis point of billability as against reducing it. And sorry, you had the first question, if I may address the question.

Dipanjan Ghosh: Yes, the first question was on the issuer service business. Yes. Just wanted to get some sense of, you know, from a folio-based growth versus a non-folio-based growth, how has it been for the last one or two years? Because I mean, we don't get that entire segregation between folio-linked revenues and non-folio-linked revenues.

Sreekanth Nadella: Yes, I'll cover that. I'll cover that, sure. So in issuer services, roughly about 70% of the revenue of the issuer services is folio-based pricing.

About 20% plus would be the corporate actions related item, you know, which I explained to you, would be content and merger-demerger activities, buybacks, so on and so forth. And roughly about anywhere between 8% to 10%, I'm not giving you a range because it's going to fluctuate, will be the value-added services that we provide for the client communities. For example, the electronic voting platforms, electronic AGM platforms, insider trading platforms, and ESOP administration.

There's a whole lot of value addition that we render under the corporate secretarial function, which is a critical stakeholder for issuer services. So I think probably a rule of thumb, you know, unless there are material changes in the industry, it could be a 70-20-10 between folio corporate actions and corporate events, which is basically the platform solutions.

Dipanjan Ghosh: Got it. So my question was more from, you know, if I look at now, you're going more into, let's say, SME IPOs, or let's say more of unicorns come up for listing over the next, let's say, three to five years. I mean, how is the pricing differentiation between, let's say, a large corporate versus a small corporate? I mean, folio addition is one thing, but then there is also, I think the pricing is not similar, would not be similar across corporates. How should one think of that?

Sreekanth Nadella: The pricing is not, Yes, no two clients have the same pricing. I mean, it's a free market economy, and you know, we bid obviously based on a series of factors like, you know, anybody else does, you know, looking at the profile of the client, their ability and intent to pay. And this is basically a very important function.

You know, you are the investor relations side of it as a stakeholder relationship committee, which every large company has. The work we render has a direct bearing, and it's a board-based committee work out there. Now, there are some companies who may not particularly focus on this, and they may look more at, you know, expense or the otherwise of it.

But progressively, you know, in the corporate governance side of it, every company wants to have a very solid registrar, because that is what's going to drive how you are engaged with your shareholders as a company. Right? You know, your shareholders may end up having issues on share transfers, dematerialization, rematerialization, on you know, a series of compliance reporting that may have dividend payouts, and all of that.

Now, every company would want a marquee, you know, tech company who can do that work. So short answer costs, you know, or rather the price would vary from client to client, and, you know, it would be based on a series of factors about their, you know, payability or winnability portion, you know, our understanding of market intelligence as to where the market would come from, so on and so forth. So, sorry, I won't be able to give a specific answer, except to tell you that it varies by the client, and the range is actually quite spectacularly large, anywhere between 2 rupees a folio to even 20 to 25 rupees per folio for different clientele.

Dipanjan Ghosh: And lastly, on the data-giving question, on the 5%, you know, sort of upfront booking of income on the FA entity, is it on That is only for the international, not for the total company. Got it, got it. Thank you, and all the best.

Moderator: Thank you. Ladies and gentlemen, due to the time constraint, we will take this as a last question. I would now like to hand the conference over to Mr. Devesh Agarwal for closing comments. Thank you, and over to you, sir.

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

Vivek Mathur: Thank you very much. I appreciate the interest shown and the questions which have been asked. We look forward to engaging sessions in the future as well. Thank you so much for joining today.

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

Moderator: Thank you. On behalf of IIFL Securities Ltd., that concludes the conference. Thank you for joining us, and you may now disconnect your lines.