sk FINANCE
Saath Aapke... Hamesha

2021-22
ANNUAL REPORT

Fuelling Aspirations. Transforming Lives.

www.skfin.in

Index

Financial

₹4,714 crore
AUM

2.83%
Gross Stage 3

₹3,226 crore
Disbursements

2.04%
Net Stage 3

₹143 crore
Net Profit

30.4%
Capital Adequacy

Non Financial

423
Total Branches

3
New states penetrated

10
Total States Present

₹1.89 crore
CSR budget

Corporate snapshot

Finance company with a differentiated approach

At SK Finance, our goal has always been to be the bridge that facilitates financial inclusion of the truly unserved and underserved sections of the society.

With more than two decades of experience in the NBFC space, we have experienced multiple business cycles and evolved with changing times to ensure that efficient services to our customers in the shortest turnaround time.

Our business segments

Commercial vehicles

Tractors

Cars

Two-wheelers

MSMEs

Key facts

423	>60%	>6,500
Total branches across 10 states and union territories	Holding of marquee institutional investors	Team members

Our vision

To become the most preferred customer and employee friendly finance company, with an aim to provide last-mile coverage including to unbanked customers, by providing timely financial support with empathy, trust and technology.

Our mission

Our Mission encompasses the word "CARE"

C - Customer First

We always put customer needs first. We seek to understand our customers and recommend optimal solutions.

A - Agility

We build agile processes to become proactive and deliver timely support to customers and employees.

R - Reliable

Reliability is our middle name at SK Finance; we seek to be a preferred partner during customer and employee growth journeys.

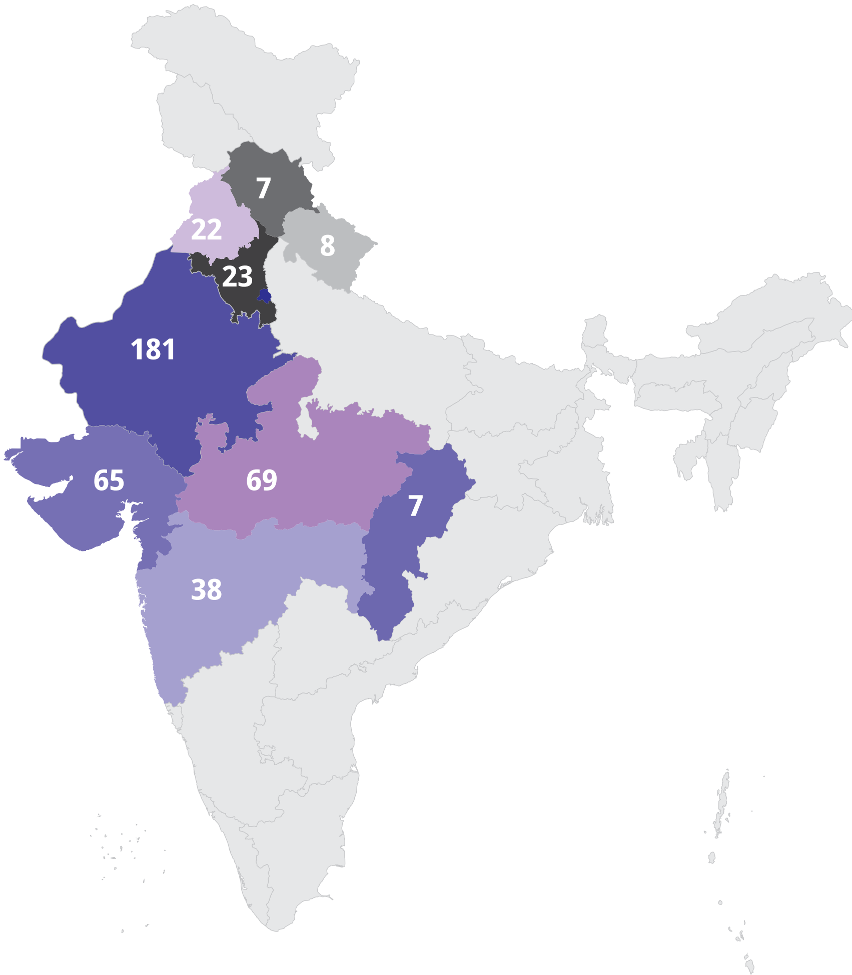
E - Empathy

Empathy is the biggest trait that we live by reflecting of our commitment with a personal touch and cooperation for maximum benefits.

Presence

Widespread footprint to service customers

Headquartered in Jaipur, Rajasthan, we are steadily and strategically increasing our footprint across the country.



Total Branches - 423

State-wise branch share **(%)**

Banks and Financial institutions

Backed by prestigious banks and institutions

At the end of March, we had over 60 active lending partnerships with major institutions. These include marquee banks (both public and private sector banks), financial institutions and development funds across the country, through whom we source our funds.

- HDFC BANK
- AXIS BANK
- kotak Kotak Mahindra Bank
- FEDERAL BANK
- RBL BANK
- YES BANK
- CREDIT SUISSE
- DBS
- IndusInd Bank
- Karnataka Bank Ltd.
- State Bank of India
- IDFC FIRST Bank
- इंडियन बैंक Indian Bank
- केनरा बैंक Canara Bank
- बैंक ऑफ़ बड़ौदा Bank of Baroda
- Bank of India
- बैंक ऑफ महाराष्ट्र Bank of Maharashtra
- Indian Overseas Bank
- Union Bank of India
- mudra
- पंजाब नैशनल बैंक punjab national bank
- AU Small Finance Bank
- ujjivan Small Finance Bank
- Utkarsh Small Finance Bank
- Capital Small Finance Bank
- DCB BANK
- KVB Karur Vysya Bank
- SIDBI
- South Indian Bank
- ICICI Bank
- CSB Bank
- SURYODAY A Bank of Smiles
- Nippon india Portfolio Management
- MorganStanley SmithBarney
- responsAbility Investments for Prosperity
- FMO
- Global Climate Partnership Fund
- WorldBusiness Capital
- BAJAJ FINSERV
- TATA CAPITAL
- Aditya Birla Finance
- Sundaram Finance
- Maanaveeya Development And Finance Pvt. Ltd.
- Hinduja Leyland Finance
- Nabkisan Finance Limited
- Nabsamruddhi Finance Limited

Investor profiles

Norwest Venture Partners X – Mauritius

Norwest Venture Partners is a global, multi-stage investment firm that manages approximately USD 10 billion in capital and has funded more than 600 companies since inception and is focused on Technology, Information Services, Business Services, Financial Services, Consumer Products/Services and Healthcare. Norwest in India in the past has made significant investment in BFSI space including the names like SCUF, Cholamandalam, RBL, Fivestar to name a few.

Texas Pacific Group

TPG Capital (Texas Pacific Group) is an American investment company. It is one of the largest private equity investment firms in the world, focused on leveraged buyouts, growth capital and leveraged recapitalisation investments in distressed companies and turnaround situations. TPG also manages investment funds specialising in growth capital, venture capital, public equity, and debt investments. The firm invests in a broad range of industries including consumer/retail, media and telecommunications, industrials, technology, travel/leisure and health care. TPG is having approximately USD 75 Billion of total assets.

Evolvence Coinvest I & Evolvence India Fund III Ltd.

Evolvence Coinvest I: is fully owned subsidiary of Evolvence India Fund II (EIF II), the first independent India-focused hybrid private equity fund with aggregate capital commitments of USD 250 million. Sponsored by Evolvence Asset Management, a strategic partnership between Evolvence Capital and GoldPoint Partners, an affiliate of New York Life Investment Management. EIF II is a USD 300 million India-dedicated hybrid private equity fund, with a strategy of investing in PE funds and co-investing alongside them. EIF II will invest primarily into the small and mid-market space with focus on Indian consumption driven strategies. Past investments in BFSI space include names such as Suryoday Small Finance Bank, Centurion Bank of Punjab.

Karma Holdings Mauritius Limited

Karma Holdings Mauritius Limited (The "Company") was incorporated in Mauritius on 16 September, 2016 as a company limited by shares. The Company holds a category 1 Global Business License issued by the Financial Services Commission, Mauritius. It has been incorporated as an investment holding company and is a subsidiary of Baring Private Equity Partners (India) Limited.

Baring Private Equity India AIF

Baring Private Equity India AIF is a category III AIF. It's objective is to use private equity skills and processes to generate attractive risk-adjusted long term compounded net returns in debt securities/instruments, equity, quasi-equity, equity-related instruments. It focuses on business models who have potential to generate superior returns on capital employed and can stimulate compounded long-term growth through continued investment. The funds advised invest in every major market outside the USA via seven regional fund groups with local investment advisors in Europe, Asia and Latin America. With approximately USD 18 billion in funds under management, Baring Private Equity International has one of the most extensive on-the-ground networks of any international private equity provider.

IIFL Special Opportunities Fund - Series 9 managed by IIFL AMC

IIFL Private Equity is a part of IIFL Asset Management (IIFL AMC) and has been active in the private equity ecosystem since late 2015. Across multiple strategies, IIFL Private Equity manages an AUM of more than USD 2 billion from early-stage to late-stage investments across Consumer, Technology, Financial Services and Healthcare space. In a span of 5 years, IIFL Private Equity Fund has made investments in multiple unicorns in India and has also generated exits from few of their portfolio companies.

Financial services is a key focus area for IIFL Asset Management, some of its prominent investments being Northern Arc, NSE, CIBIL, Kogta Financials, ICICI Lombard, Nippon Life AMC and Indian Energy Exchange. IIFL AMC has around more than 10 unicorns in its portfolio including Dailyhunt, Byju's, Upgrad, Policybazaar, Swiggy, Unacademy, Pinelabs, Zomato and Swiggy.

MASSACHUSETTS INSTITUTE OF TECHNOLOGY and 238 PLAN ASSOCIATES LLC, managed by MIT Investment Management Company

MIT Investment Management Company is an investment firm based in Cambridge, Massachusetts. It provides stewardship of the MIT Corporation's financial resources. The firm operates as a division of the Massachusetts Institute of Technology, created to manage and oversee the investment of the Institute's endowment, retirement and operating funds.

It manages 25+ billion USD in AUM and some of its prominent investments includes NSE and Star Health.

Investment case

Strengths that drive our business

Clear focus on delivering superior service through channeled execution has helped us enhance customer experience

Vintage

We are one of the few NBFC's with a vintage of over two decades, during which we have seen multiple business cycles, and yet come out stronger over time.

Our experience enabled us to drive our business keeping in mind the needs of our customers, curating products in line with their requirements. Our philosophy is not to fund businesses which we do not understand.

Presence in non-cyclic business

Within CV's, we primarily lend to to light commercial vehicles, (LCVs), multi-utility vehicles (MUVs) and small commercial vehicles (SCVs), which generally operate within a radius of ~100-200 kms, catering to the local ecosystems. We have refrained from funding to the medium and heavy commercial segment, due to its cyclical nature. In addition to this, we ensure that we lend to individual borrowers and not to fleet owners thereby creating a granular portfolio.

Product diversification

Today, we are present across 5 business segments.

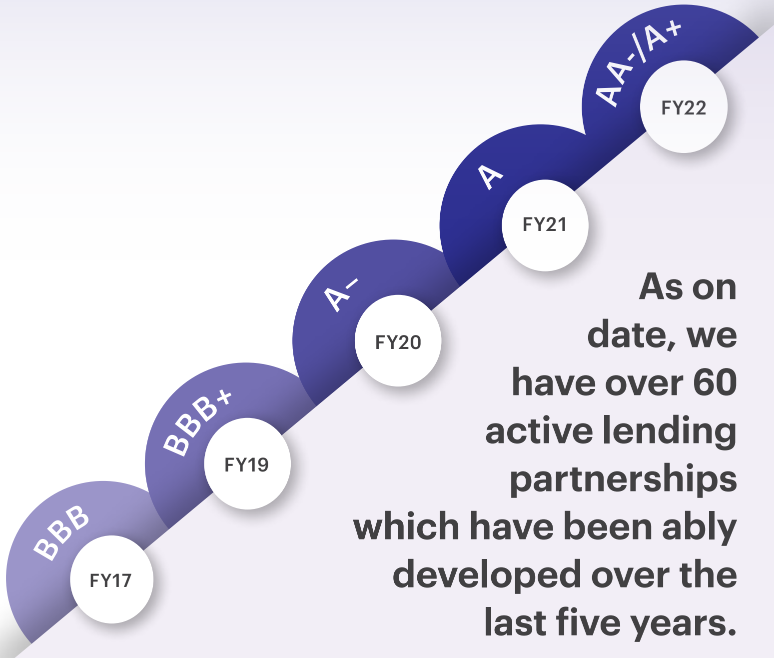
Asset Under Management

Product Wise (AUM)	FY 2021-22 (In Crore)	FY 2020-21 (In Crore)
Car	841	564
CV	2,295	1,809
SME	579	366
Tractor	854	607
TW	145	71
Grand Total	**4,714**	**3,417**

Disbursement

Product Wise (Disbursement)	FY 2021-22 (In Crore)	FY 2020-21 (In Crore)
Car	610	283
CV	1,566	804
SME	328	174
Tractor	579	319
TW	143	54
Grand Total	**3,226**	**1,634**

With our experience of over two decades, we have evolved to understand the needs and requirements of our customer. Banking on this, we continue to analyse business potential especially from our active and potential customer pool. Our MSME business is synonymous with this strategy and has now emerged as one of our key products contributing meaningfully to our overall portfolio.



As on date, we have over 60 active lending partnerships which have been ably developed over the last five years.

Robust liabilities franchise

We have set up a strong and efficient treasury office securing funding from a variety of institutions like banks, mutual funds, insurance companies and other domestic and foreign financial institutions to meet our funding requirements. We have been able to access cost-effective debt financing due to our stable credit history, improving credit ratings and conservative risk management policies.

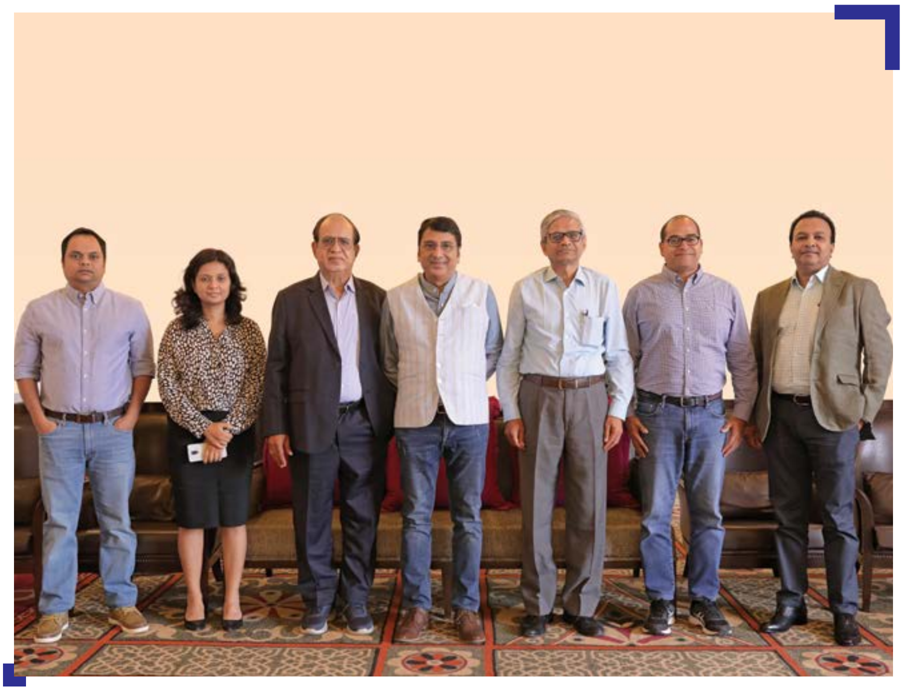
Financial prowess

₹ in crore

	FY22	FY17	CAGR (%)
AUM	4,714	824	42%
Disbursement	3,226	698	36%
PAT	143	12	63%
Net worth	1,596	86	79%

Experienced leadership

Led by an extremely qualified and experienced Board who in turn, are supported by a pool of motivated managers and employees. Our management team has diverse experience in a range of financial products and functions related to our business and operations having an in-depth understanding of the geographic regions, loan products and types of collateral and businesses of our borrowers. We have undertaken an extensive recruitment drive focusing on growing our team at all levels of management and employees. We are focused on hiring individuals with experience, drive and commitment.



Managing Director's message

Building capabilities for the future

In the words of Napoleon Hill "Victory is always possible for the person who refuses to stop fighting".

"The last two years have provided ample opportunity for introspection and evaluation of the best course of action. We have built on our capability and potential by concentrating on resource and infrastructure development."

The second wave of COVID 2019 literally engulfed us all in 2021. It was extremely devastating on India, with massive loss of life. The two months of April and May 2021, when COVID 2.0 affected India, were as a stark reminder of human frailty and susceptibility like no other. During this storm, we lost many of our family members which left a tremendous void in our hearts, but it also drew us closer together.

While India was amongst the hardest impacted, there was a silver lining that showed us the huge opportunity that lay ahead of us to turn this hardship into success We grew stronger with each passing day. This was mirrored in the nine months that followed, when we gradually returned to routine, much stronger than before. We all began this new chapter with increased vigour.

SK Finance – Naye Bharat Ki Finance Company

Our objective is to build on our vision of a company for this new India – "**N**aye **B**harat Ki **F**inance **C**ompany" – that provides long-term sustainable rewards to all stakeholders. With that in mind, particularly in light of the epidemic, you may have seen a dramatic shift in our approach focused towards better execution. We turned the tide in our favour bouncing back post the second wave thereby reaffirming our confidence in India's growth story.

Our AUM for the year closed at ₹4,714 crore, an increase of more than 38% y-o-y. At the same time, we generated our highest profit after tax of ₹143 crore. Our expansion strategy has always centred upon risk-adjusted returns. Today, as long as we have sufficient resources, we intend to grow rapidly but at a sustained pace.

During the year, we also expanded to three more states, namely Himachal Pradesh, Uttarakhand, and Delhi NCR, bringing our total presence to ten states and union territories across 423 branches. Another crucial area that we prioritised was increased investment in enhancing our digital and technological platforms. Finally, our primary focus remains on our customers. We've learned over the last 27 years that the best approach to expand is to always focus on the demands of your customers. Despite challenging market conditions, our consumer interaction remained strong throughout the period. We remain committed to providing excellent customer service while delivering value and support to both customers and our people.

The last two years have provided ample opportunity for introspection and evaluation of the best course of action. We have built on our capability and potential by concentrating on resource and infrastructure development. We incrementally added 1,530 employees last year to the SK Family, strengthening our team without a doubt about our ability to perform. Our future focus will be on increasing productivity, which will lead to increased operational efficiency.

With adequate investment in technology and increased focus on digital initiatives, we hope to enable seamless service delivery while continuing to make financial services available to the unbanked and under-banked. We have a four pronged approach whereby we endeavour to drive growth - through technology by focusing on digitalisation, security, AI & analytics and mobility with the end goal to improve customer service and automate process which in turn will result in a seamless customer experience.

A strong emphasis has also been placed on maintaining a safe and healthy work environment. Today, we have over 6,500 members, and each of us is an ambassador for our organisation. The safety and well-being of our employees is of the utmost importance to us.

Outlook

Private consumption is the backbone of domestic demand. We, being Asia's third-largest economy are on track to become the world's fastest growing. The government's reaction, which included safety nets to cushion the impact on vulnerable sectors of society and a major increase in capital investment to promote growth, and supply-side reforms for long-term growth, has boded well for the economy.

While fundamental consumption factors remain strong, we continue to face macro challenges such as geopolitical tensions between Russia and Ukraine, the economic impact of sanctions on the global economy, and the possibility of additional waves of COVID, all of which have contributed to an uncertain global growth outlook. As a part of the global economy, India would feel the effects of these occurrences.

> **“Today, we have over 6,500 employees, and each of us is an ambassador for our organisation.”**

Domestically, the Indian economy will be underpinned by extensive vaccine coverage, gains from supply-side reforms and regulatory liberalisation, healthy export growth, and an increase in capital spending, which will stimulate private sector investment. I believe we have entered an exciting and dynamic phase of growth, with ups and downs. During this time, we must stay loyal to our basic values and focus on developing a strong organisation centred on meeting the requirements of our consumers.

Words cannot express how grateful I am to have colleagues who have stuck by and performed well during difficult circumstances. We have a four pronged approach whereby we endeavour to drive growth - through technology by focusing on digitalisation, security, AI & analytics and mobility with the end goal to improve customer service and automate process which in turn will result in a seamless customer experience. Finally, I would like to express my heartfelt appreciation to the Board of Directors, who have guided us and will continue to guide us in the future, as well as our investors and lenders, for their unwavering support and trust.

Rajendra Kumar Setia
Managing Director

CFO's review

Perseverance was the key

"Belief creates the actual act – William James" This is representative of the year gone by for us.

We got off to an immensely difficult start due to the advent of the second wave in April, with India bearing the brunt of the damage. It was, in more ways than one, a significantly more catastrophic as it caused damage in terms of both business and, more importantly, loss of life. During the second wave, we lost some members of our SK Family. Nonetheless, we continued to persevere.

Performance Snapshot

We had total clarity and belief, supported by our leadership, that we are in the business for the long haul and that business ups and downs are a part of life for all of us at SK. Looking back, we finished the year on a positive note. In this fiscal, we reported the highest ever disbursement in the Company's history, with a disbursement of ₹3,226 crore,

While we continued to improve our pace of growth, increasing our AUM at a CAGR of 42 percent over the last five years, we also improved the quality of our earnings. We ended the fiscal year with a profit after tax (PAT) of ₹143 crore, a 57 percent increase over the previous fiscal, and a RoAAUM of 3.7 percent.

Growth in interest income was supported by stronger disbursements across all business sectors during the year, albeit partly impacted by Wave II in the first quarter. We were able to cut our overall cost of borrowings by 100 basis points to 9.2 percent during the year. Our debt portfolio remains well-diversified. We raised ₹2,377 crore in incremental borrowing last year at an 8.8 percent interest rate. CRISIL, ICRA, CARE have upgraded rating from A to A+, India Ratings assigned Rating A+, Acuite Ratings assigned Rating AA -. Company also has short term rating A1+. We also ended the year with over 60 debt partnerships, further broadening and granularising the franchise. Although borrowing rates were cut, the impact of lower income in the first quarter due to the second wave of COVID was visible in an absolute amount that was not proportional with income growth.

Profit after tax, on the other hand, climbed disproportionately to income growth, owing principally to outstanding asset quality performance. We ended the year with gross stage 3 assets of 2.83 percent, an improvement of 119 basis points over the previous year. Despite the business environment's unpredictability, we were able to manage our credit charges effectively and demonstrate our capacity to maintain a stable and sustainable profile. Profitable expansion was mirrored in the Company's net value, which increased significantly.

Apart from increased profitability, the Company also closed two equity fund raises totalling ₹717 crore of equity funds including primary capital raise or ₹487 crore over two rounds in May 2021 and December 2021. Despite a difficult start to the year, we were able to raise funds from existing investors while also welcoming new investors to the SK Family. This speaks volumes about the trust our stakeholders have in us. As a result, we finished the year with 30.4% capital adequacy.

Interestingly, while we continued our growth story in this fiscal, there was a renewed focus on collection efficiency (excluding prepayments), resulting from our enhanced collection efficiencies. Throughout the year, we also focused on our customer interaction, ensuring that restructures were carried out as and when our customers requested. Despite this, the whole reorganisation (OTS 1 + 2) at the end of March 2022 is 1.3% of the Company's total AUM.

₹ Crore

	FY22	FY21	Y-o-y (%)
AUM	**4,714**	**3,417**	**38.0%**
- CV	2,292	1,809	26.9%
- Tractor	854	607	40.5%
- Car	841	563	49.2%
- Two-wheeler	145	71	105.1%
- MSME	579	366	58.2%
Disbursement	3,226	1,634	97.4%
- CV	1,565	804	94.5%
- Tractor	579	319	81.4%
- Car	610	282	115.8%
- Two-wheeler	143	53	165.6%
- MSME	328	173	89.1%

Glimpse of the financial performance:

₹ Crore

	FY22	FY21	Y-o-y (%)
Interest Income	775	645	20.1%
Finance Costs	346	297	16.8%
Net Interest Income	428	348	23.1%
Profit After Tax	142	91	56.9%
RoAAUM	3.7%	3.0%	60 bps
Leverage	2.9	3.5	-16.4%
Gross Stage 3	2.83%	4.03%	
Net Stage 3	2.04%	1.94%	
Net-worth	1,596	971	64.3%
Capital Adequacy	30.4%	27.7%	

We also increased our footprint in three more states during the year, bringing our overall presence to ten states and union territories through 423 branches. Over the last five years, we have been able to lessen our reliance on our home state of Rajasthan, which currently accounts for 60% of our AUM, down from 80 percent in March 2017. With the establishment of newer branches and technical advancements in the last two years, the Company has been able to optimise its sourcing/ collection infrastructure which will result in operational efficiencies and cost savings in the near future. As always, we will continue to strive to collaborate with all of our stakeholders in order to create long-term value.

The epidemic has taught us to adapt to the ever-changing business environment. We have seen numerous business cycles in our over two decades of existence and have emerged stronger and more determined each time, as we will continue to do with each passing year.

Atul Arora
Chief Financial Officer

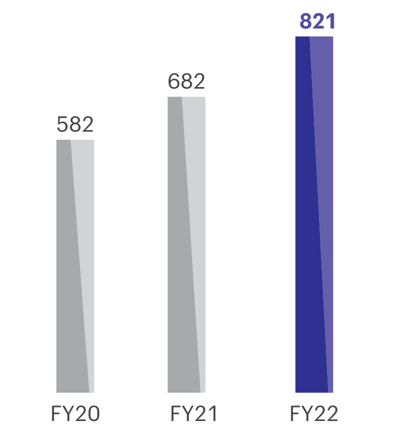
Key performance indicators

Resilient performance during a challenging year

Financial

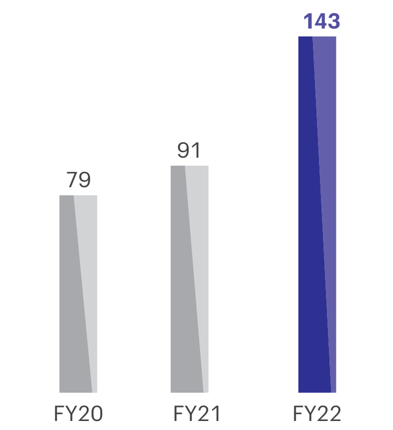
Revenue

(₹ in crore)



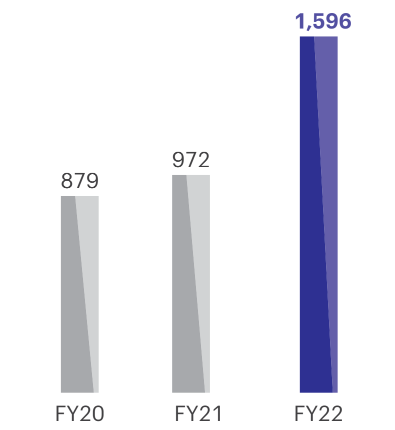
Profit after tax

(₹ in crore)



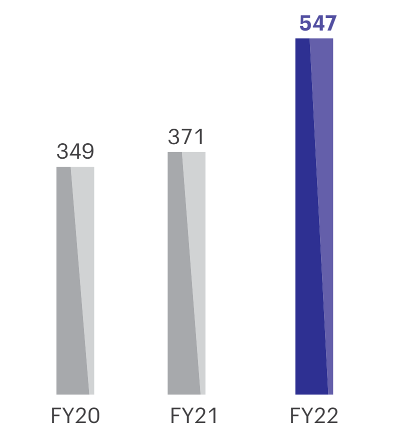
Net worth

(₹ in crore)



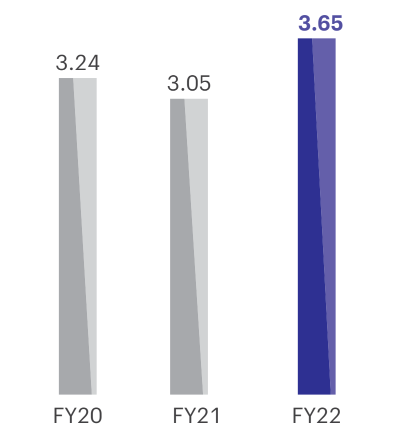
Book value per share

(₹ in lakh)



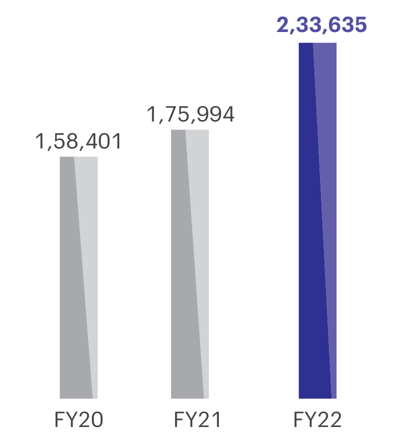
Return on assets

(%)



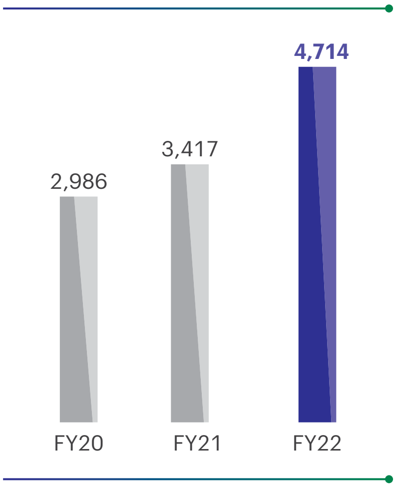
Operational

Active number of loan accounts



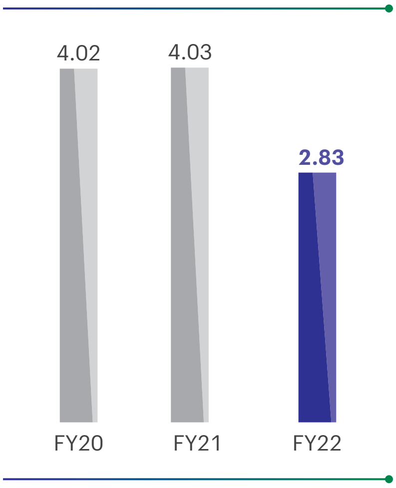
Assets Under Management

(₹ in crore)



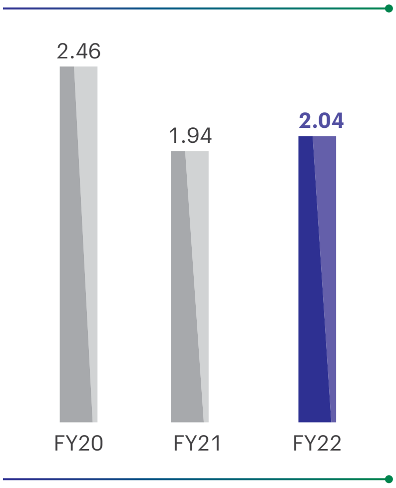
Gross Stage 3

(%)



Net Stage 3

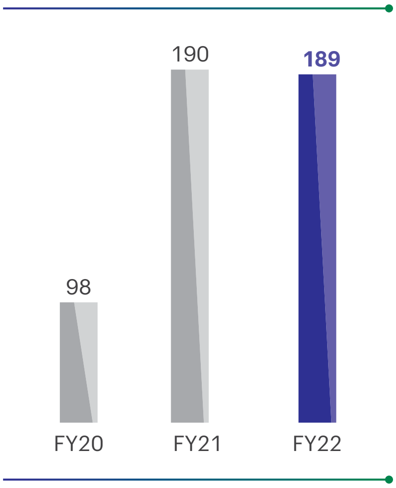
(%)



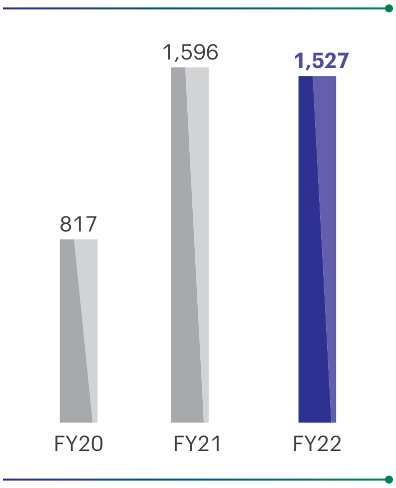
Social

CSR spend

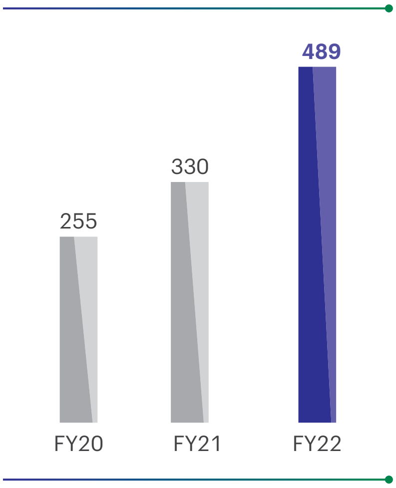
(₹ in lakh)



New addition in the workforce



Total women in the workforce

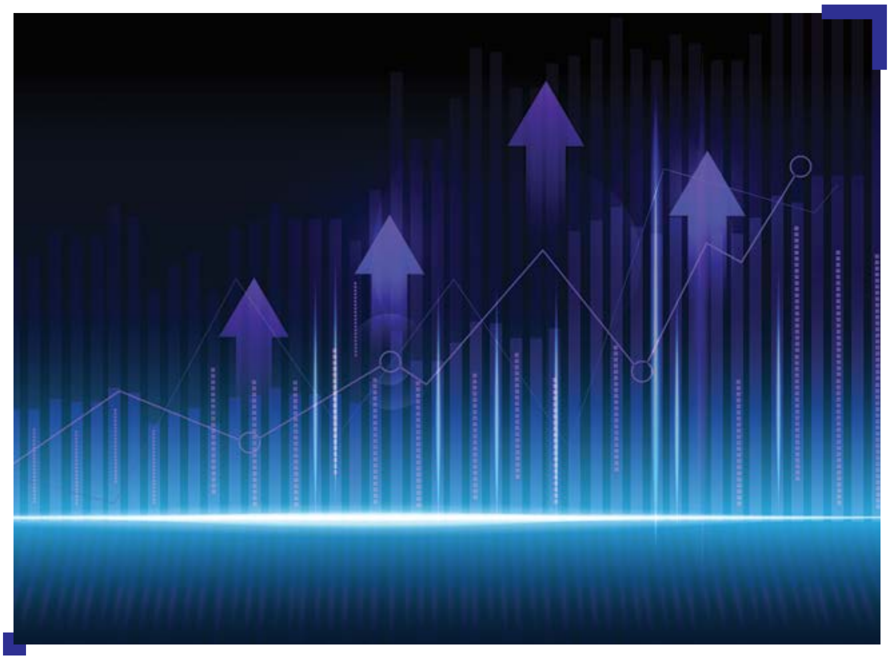


Opportunity landscape

Adapting with agility

The NBFC sector as a whole, has undergone a series of challenges starting from the liquidity crisis to the pandemic-induced challenges. However, NBFCs that adapted with agility, have been able to glide through this phase and are attractively placed to capitalise on future opportunities.

Growth opportunities



- Rising population
- Rising disposable incomes
- Improving lifestyles
- Growing aspirations
- Increase in rural entrepreneurs
- Large un-penetrated markets
- Favourable government policies for rural economy

Our response

- Improving customer experience
- Strengthening our credit profile
- Expanding our presence to newer states
- Integrating technology in our daily operations

Customer-centricity

Customer service with a humane approach

We realised at a very early stage that our potential customers belong to the lower tier of India's financial pyramid and formal lending was not available to them. We, at SK Finance, have always focused on how we could make this possible and go an extra mile by making the process as simple and seamless as possible for the customer.

We realised at a very early stage that we have to undertake a humane approach when engaging with our customers, and that is something that has been imbibed across the entire organisation, starting from the top management to the on-ground sales personnel.

Over the years, we have developed a deep understanding of the informal and unorganised customer segment and their income assessment and business stability to evaluate whether it would be viable to finance them.

In addition to this, we are always working towards improving the customer experience by enhancing our internal capabilities through dedicated initiatives. As a result of our concerted efforts, we have been able to achieve the following:

01 Fully-paperless disbursements

02 Quick turnaround time

03 Technology-integrated back-end

04 Augmentation of business intelligence through collection of on-ground insights

05 AI chatbot for customer service

Credit profile

Strengthening credit profile

The pandemic-induced challenges affected most people across the country. However, people belonging to modest economic backgrounds were hit harder than most. Since most of our customers belong to this segment, we laid greater emphasis on protecting and strengthening out credit profile.

As a result of our proactive response, we were successfully able to not only withstand the challenges, but in fact, improve our credit profile. Some of the major highlights during the year:

Cost of borrowings

Our cost of borrowing has significantly declined from 12.1% in FY17 to 9.2% in FY22.

Lender base

Diversified our lending base from 31 banks and financial institutions in FY17 to 62 in FY22.

Ratings

Our credit ratings improved from a BBB+ in FY17 to ACUITE AA- IND/ CRISIL, CARE, ICRA, India Ratings A+ in FY22.

Raising debt

Incremental borrowing was raised at a cheaper rate and under better terms.

We have consistently delivered to all our lenders and rating agencies, through sustained improvement with regards to growth, profitability, asset quality and capitalisation. The cumulation of these have resulted in the continuous improvement in our credit rating since FY17, despite challenges like the liquidity crisis and the pandemic, among others.

We believe that the major reason behind this is the transparency that we display as an organisation, with regards to our performance and communication.

Going forward, as we continue to grow in size and profitability, we will continue to place greater emphasis on effective communication, transparency and compliance with all the applicable laws over the foreseeable future.

Market penetration

Widening and deepening our market penetration

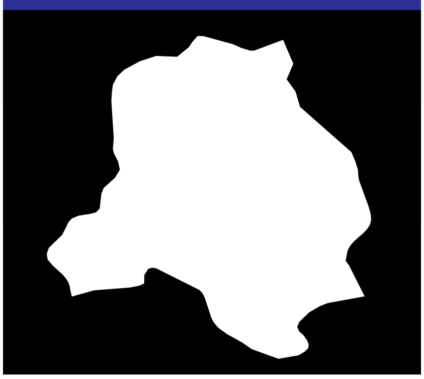
Since our inception, we realised that for a business like ours, it was imperative to have our presence in the right markets to ensure sustainable success. As a result, we have slowly and steadily built our presence in some of the most underserved markets across the country.

When we thought of expanding our market presence, we were mindful about identifying the right markets. These depended on:

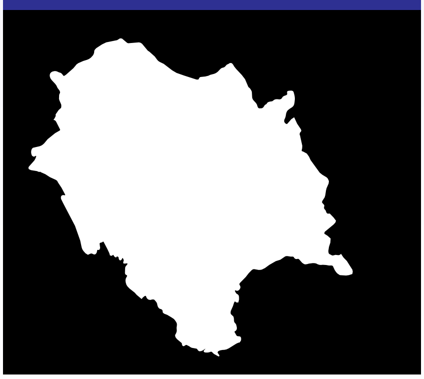
Having started our journey from Rajasthan, we are now present across ten states, namely: Gujarat, Rajasthan, Punjab, Haryana, Maharashtra, Chhattisgarh, Madhya Pradesh, Himachal Pradesh, Delhi NCR and Uttarakhand. We have consciously set up our branches in Tier II, III and IV cities in these states to proactively cater the needs of individuals who are underserved by formal banking institutions.

States penetrated during FY 2021-22

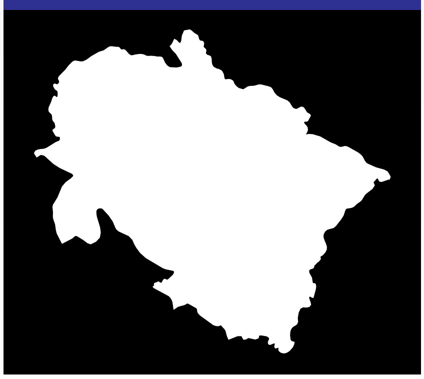
Delhi NCR



Himachal Pradesh



Uttarakhand



Going forward, we will continue to expand judiciously in other potential markets, while also deepening our presence in existing geographies.

Digitalisation

Leveraging digital to enhance efficiencies

In this day and age, it is imperative for businesses to ensure that technology is integrated within the daily operations to ensure maximum efficiency. At SK Finance, we are continuously trying to reinvent the traditional business practices by integrating technologies to ensure and enhance internal efficiencies and customer experience.

At SK Finance, our focus is always on blurring the line between the physical and digital world to enhance value for all our stakeholders.

We leverage our on-ground expertise and data analytics through in-house applications to determine and target the right set of customers.

We revamped our entire customer communication module to inculcate more transparency. We launched an AI chatbot platform, self-service with the regional level support to manage customer accounts 24X7. This has resulted in the reduction of turnaround time for addressing the customer's grievances by ~40%.

We also launched an integrated WhatsApp in-boat to ensure that our customers receives real-time updates on their queries. Nearly 90% of the queries were initiated through WhatsApp during the year under review.

We are also leveraging Artificial Intelligent (AI) to enhance our capabilities and efficiencies. Our AI based recommendation system enables our sales team to make the right decision at the right time and connect with right customers for the lead conversion.

At SK, we are placing great focus on creating a digital ecosystem. In this regard, we have launched numerous mobility solutions for digital EMI collection, Udhyam Aadhar registration and the new-age Nach activation systems, among others, to increase operational efficiencies. We also launched a one-stop solution application for our entire sales and collections operations.

With the effective mandation of Udhyog Aadhar registration from RBI, we implemented it for all our MSME customers to ensure they are able to avail the benefits provided by Government.

Internally, we introduced the HRMS system for all our employees to harbour a culture of transparency, smoothness and solution-wise approach. Besides this, we have launched LMS in the SME vertical for digital learning and improving productivity for the ground team in the respective regional languages.

Going forward, we will continue to place great emphasis on innovation. In the forthcoming financial year, we will continue to experiment with new-age distribution models to enhance growth, focus on improving digital channels, productivity, customer-centricity, brand presence and cost rationalisation.

ESG focus

Being a responsible corporate

Since our inception, we have always placed great focus on our corporate and social responsibilities. Our relationship with development funds has helped us formalise and structure our approach towards our environment and social goals.

Our definition of success extends far beyond just being a pan India institution but rather a responsible one. Over years we have learnt to touch the lives of unbanked and under-banked people, help their businesses thrive and grow with us.

As we move forward into a new year, we recognise our responsibility to contribute to our planet, society, and communities in a meaningful manner. We have resolved to embrace ESG not just as a reporting principle but as an operational philosophy.

Owing to our governance values, we have been able to play a critical role in supporting economic growth through our products and services. We have recognised immense opportunities for micro and small businesses to have access to the formal credit channels giving an impetus to their growth journey contributing to the strength of the nation. We have thrived to build a track record of contributing beyond lending to the local communities in which we operate.

Environmental, Social, and Governance (ESG) issues as well as their associated opportunities and risks are now becoming more relevant for financial institutions. We at SK understand that the new reality will require us to pivot our finances towards greener, responsible, and more sustainable areas while maintaining a strong asset book and ensuring growth for all our stakeholders.

Addressing the SDG goals set by IFC, we have consciously worked towards some of these as listed below:

Equal rights to economic resources*

Majority of our loans are disbursed in semi-urban and rural areas. Majority of our borrowers are from the unserved and the underserved segment.

Give women equal rights to economic resources

4.4% of our loans are to woman borrowers*

36.5% of our loans have woman as a co-owner of the asset*

Enhance clean energy utilisation

We funded 4.28% of CNG vehicles of the overall portfolio in FY 2021-22.

We had procured funding of USD 40 million from FMO, a Netherlands-based DFI with a mandate to support clean technology solutions. Of this we have utilised 69.6% of the overall proceeds to fund clean energy through financing or re-financing CNG vehicles.

Furthermore, we also procured a USD 25 million sanction from Global Climate Partnership Fund based out of Luxembourg with a mandate to reduce CO2 emissions. Of this we have full utilised the funds sanctioned towards the intended purpose.

Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular, women migrants and those in precarious employment.

Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets.

We finance the unserved and underserved thereby inculcating and promoting entrepreneurship which leads to benefiting the entire community

Progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average.

Loans to rural and semi-urban customers (including agricultural borrowers) cater to the local ecosystem and supply chain and majority of the borrowers are under-served (based in rural and semi-urban areas) and First Time Borrowers (FTB).

Conservation of energy

We endeavour to improve energy efficiency and systematically manage energy footprint across the organisation. Some of the key initiatives undertaken to drive energy efficiency are:

- Adopting LED lights across all our office premises

Water conservation

The Company shifted from the use of plastic bottles to glass bottles which has resulted in reduction of wastage of water as well as better waste management through reduction of use of plastic.

* As per loan count

People

People-centric approach

Over the years, we have always reiterated that our employees are the biggest drivers of success for the organisation. With this mind, we place great emphasis on ensuring a safe and motivating environment for our employees.

Learning and development

One of our primary focus areas has always been to ensure the overall development of our employees. As a result, we have dedicated learning and development teams, who work towards providing various platforms to enhance their skills and knowledge. These programmes are not just targeted towards business training, but towards the overall development of our employees. We conducted various workshops throughout the course of the year to ensure our employees are equipped with the necessary skillset and knowledge.

Prarambh: Imparted to every new employee to get them familiar with the organisation and work culture on the first day of joining.

Arjuna: Imparted to employees to acquire all the information required to carry out his job efficiently and have better understanding of the applications, softwares used and other important guidelines. Customised and specific training sessions are also conducted for various departments.

Punarabhyas: Imparted to employees based on the training need identification (TNI) as per the performance analysis on monthly basis. Refresher trainings are the most viable mode of counselling and value addition to the low performers to motivate them & get them out from PIP.

Sashaktikaran: Imparted to employees to ensure they become a more self-empowered contributor in the workplace. This training module comprises of developmental aspect basis nominations invited from leaders and reporting managers.

Jagriti: Imparted to employees to get them acquainted with new changes in processes and technologies. In addition to this, we also conduct training sessions on CAP policy, POSH and industry-specific requirements.

SK Elite PreP: A customised mandatory training programme for supervisory roles- which will enable all the new joinees to have detailed understanding about the organisation's policies, processes and enhance their skills as a supervisor.

Oorja Workshop: We conduct a workshop, focused on AM / BDM (Machine) and above, to provide detailed knowledge about the Company, business processes, work culture and goals of the organisation.

On-the-job training: OJT workshop is an exclusive training programme of 4 to 5 days, which includes theoretical as well as practical understanding of products and processes. End goal of the entire process is to enable new joinees in their day to day work activities with minimum error and to enhance individual productivity.

Training Type	Total Training Count in FY 2021-22
Prarambh Batches	143
Arjuna	374
Jagrati	126
Oorja	7
OJT	7
Punarabhyaas	125
Sashaktikaran	82
Total	**864**

Diversity, equity and inclusion

At SK Finance, diversity and inclusions is central in our everyday operations. We ensure that all our employees are treated equally on their performance are evaluated without any bias. We also provide the platform wherein people have the option of opting for holidays apart as per their local festivals. We take special care to ensure that women are treated equally within the organisation. None of our recruitment processes consider gender as a factor. As a result of our concerted efforts, the percentage of women in our workforce has increased significantly over the past few years.

Career progression

We have always been of the belief that there is no ceiling for growth at our organisation. This is validated by the number of employees who have been associated with us for a number of years and have grown up the ladder; multiple employees who have started their journey from the executive level are now leading teams, areas and zones as well. We provide equal and adequate opportunities to all the employees to grow, work on their competencies, find out the improvement areas to progress within the organisation.

Employee health and well-being

One of our major focus areas have always been ensuring the health and well-being of all our employees. This focus is not just pertaining to physical well-being, but mental as well. We introduced a complete month dedicated to mental health to increase awareness. In addition to this, the HR team is in constant touch with all the employees and their grievances are addressed in the shortest turnaround time.

During the pandemic, we quickly incorporated the work-from-home model to ensure that our employees could carry on their functions without the fear of contracting COVID; we also delivered all their systems at their doorstep. In addition to this, we undertook the responsibility of free vaccination for all our employees.

Community

Giving back to the community

At SK Finance, CSR is not just a statutory obligation. We have always been of the belief that it is imperative for every responsible corporate to give back to the community. Under the aegis of the ESS KAY Foundation, we carry out all our CSR initiatives.

We are always analysing and identifying how we could empower marginalised communities through our interventions. All our CSR activities are overlooked by our CSR committee members, headed by **Mr. Rajendra Kumar Setia**

Adarsh Shiksha Parishad Samiti, Jaipur

Adarsh School in Jaipur has been working towards making education accessible to the children from marginalised communities.
We donated funds amounting to ~₹2 lakh to construct a playing area for the children, along with installing swings and donating toys.

This donation has significantly increased the number of student enrolments and promoted a culture of overall development.

Distribution of school items

We made donations for the purchase and distribution of essential school items to children belonging to the marginalised communities.

Medicare-Relief Society, Rajasthan

We made donations for the welfare and relief work of cancer patients to Medicare Relief Society in Rajasthan. These funds are being used for the treatment expenses of patients belonging to the lower economic strata and for the purchase of latest equipment.

Regional Transport Office, Jagatpura

We provided funds for the renovation of the RTO in Jagatpura. Our funds were used for fencing and placing new boards and various traffic awareness messages across the campus for increasing awareness among the public.

Savila Khatun, a cancer survivor, was made aware that she was suffering from cancer. Upon realising the treatment cost, her world came trembling down; her family earnings were hardly sufficient to arrange three meals a day. When we heard about this case, we decided to step in and donated funds to Apex Hospital Private Limited to ensure that the best possible treatment was imparted to her. Aware of the fact that her medicines and chemotherapy are taken care, Savila is more than determined to battle this out for her family.

Gaushala Seva Samiti, Begas

The Ess Kay Foundation donated funds to the Gaushala Seva Samiti at Begas. This donation was made towards building a shed and drinking water facility for the in-house animals.

5,000+
lives impacted

SK Skill Academy Project

We are in the process of initiating a project of formalising a SK Skills Academy ("SSA") through ESS KAY Foundation for imparting vocation skills by offering various programmes for the youth, through a blend of learning methods including mentoring, class room teaching, coaching and practical experiences. These would equip them with the necessary skills and knowledge required for a sustainable livelihood.

Shri Kalyan Vidhya Mandir project

Adarsh Samitee and The Kalyan Vidya trust have proposed to initiate the construction of a school/ institute within the time span of three years and the operations of the school will be started year wise so as to upgrade the school to primary level. It is targeted to promote the school/ institute upto higher secondary level in future which shall be done as per the availability of financial resources with Samittee and the Trust. We provided financial assistance to them for the construction of school premises.

Governance

Governance is at the core of our business operations

Good governance is one of our main priorities. We strongly believe in implementing good corporate governance across all the verticals of the organisation. We are an ethical company and have a robust corporate governance framework in place to ensure effective engagement with all our stakeholders and enable us to deliver long-term value.

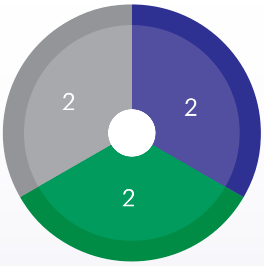
We have a strong governance framework in place. Our Board comprises of Independent Directors, Nominee Directors and Promoter Directors while the constitution of the committees of the Board of Directors, is as required under applicable laws. We strive to ensure that we maintain the highest levels of transparency, accountability, awareness and equity in all aspects of operations.

Since we are a (debt listed) company, we have to comply with the applicable provisions of the Listing Regulations, as amended with respect to Corporate Governance, including the appointment of the Independent Directors and constitution of the committees. The Board of Directors function either as a full Board or through various committees formed to monitor specific operational areas. We continuously focus on designing and improving the flow of activities in an effective manner, which ensures economic prosperity and long-term value creation for the enterprise as well as for the stakeholders over the foreseeable future.

Our entire management is actively engaged and provide the Board of Directors with detailed reports on a timely basis for increased transparency and improved monitoring of business.

We also have internal as well as external auditors in place to ensure compliance with all the statutory regulations. In addition to this, we have embarked on our digitlisation and automation journey, which will increase transparency and efficiency over the foreseeable future.

Board summary



- Executive Directors
- Independent Directors
- Nominee Directors

Board of Directors

Mr. Rajendra Kumar Setia

Managing Director & Promoter

He is the Managing Director of the Company. He holds a bachelor's degree in science from the University of Rajasthan. He is the founder and promoter of the Company. He has over two decades of experience in financial services sector. He has been serving as Director of the Company since 21st November, 1994.

Ms. Shalini Setia

Whole-time Director

She is the Whole-time Director of the Company. She holds a bachelor's degree in science from the University of Rajasthan. She has over 12 years of experience in financial services sector. She has been serving as the Whole-time Director of the Company since 01st January, 2010.

Mr. Anand Raghavan

Non-Executive Independent Director

He is an Independent Director of the Company. He is a member of the Institute of Chartered Accountants of India. He was associated as a Partner with Ernst and Young LLP for 10 years. He has served as a member of the committee on functioning of asset reconstruction companies formed by the RBI and the committee to formulate schemes for revival of MSMEs constituted by the Government of Tamil Nadu. He has previously served as Vice President – Corporate Affairs of Sundaram Finance Limited. He has been serving as the Independent Director of the Company since 07th April, 2018.

Mr. Amar Lal Daultani

Independent Director

He is an Independent Director of the Company. He holds a master degree in economics from the University of Agra and a bachelor's degree in science from the University of Agra. He was the Executive Director of Corporation Bank for a period of over three years. He is a versatile banker having 37 years of rich experience in Credit, Forex, Treasury, Risk Management and other General Banking Operations. He has attended various training programmes across the world such as BIS Basel, ESCP Paris, ESCP London on HR, Bank Financial Management, Forex, Treasury, ALM and Derivatives, etc. He has been serving as the Independent Director of the Company since 01st April, 2016 and re-appointed as an Independent Director of the Company, to hold office for a second term of five consecutive years commencing from 01st April, 2021 to 31st March, 2026.

Mr. Akshay Tanna

Non-Executive Nominee Director on behalf of TPG GROWTH IV SF PTE. LTD

He is a Non-Executive Nominee Director of the Company. He holds a bachelor's degree in economics from the University of Pennsylvania. He has been with TPG Capital India Private Limited since 2011 and is a partner at TPG 163 Growth & Rise Fund in Mumbai. Before this, he has worked in organisations such as Deutsche Bank and Merrill Lynch. He also serves as a director on, inter alia, the boards of Big Tree Entertainment Private Limited, Brainbees Solutions Private Limited, Dodla Diary Limited, Landmark Cars Limited, Landmark Insurance Brokers Private Limited, Swastik Hospitality Products Private Limited, Lakeside Dairy Limited and Livspace Pte Ltd.

Ms. Debanshi Basu

Non-Executive Nominee Director on behalf of Baring Private Equity India AIF

She is Non-Executive Nominee Director of the Company. She is a member of the Institute of Chartered Accountants of India and has completed CFA Level II. She has Bachelor's degree in Commerce from Osmania University. She is associated with Baring Private Equity Partners since 2009. She has over 17 years of experience in investments specialising in the financial services space. She has earlier worked with Goldman Sachs' Investment Banking practice in Mumbai, for over 5 years and prior to this she was with Ernst & Young, involved in conducting statutory audits and internal control assessments for mid-cap listed & private companies. She has strong M&A execution experience across mid-market deals e.g. Walt Disney's acquisition of UTV, acquisition of E-serve in the media & outsourcing space.

Leadership team


Atul Arora
Chief Financial Officer


Raj Kumar Setia
Head Strategy-SME
(Business Development)


Yash Setia
Head Strategy and Senior Analytics


Vivek Haripal Singh
Head – Treasury


Rohit Srivastava
Chief Risk Officer


Anubha Khandelwal
Head Compliance


Girish Dangayach
Chief Digital Officer


Ajit Singh Sajwan
Chief Technology Officer


Chintan Dushyant Shah
Associate Vice President-
Investor Relations


Honey Jain
Finance Controller


Anagha Bangur
Company Secretary


Ritesh Sharma
Chief Operating Officer-1


Sameer Arora
Chief Operating officer-2


Amarpreet Singh Batra
Chief Operating Officer-3


Mihir Vaisnav
National Business Head


Nripendra Singh
Business Head


Harendra Singh Rathore
Zonal Collection Manager


Abhijit Sharma
Zonal Collection Manager


Anil Sharma
Head - Human Resources


Ritesh Kumar
Head - Operations


Rajiv Kumar Yadav
National Legal Head

NOTICE

NOTICE is hereby given that the **28th (Twenty Eighth)** Annual General Meeting ("**AGM/ Meeting**") of the members of **SK Finance Limited (Formerly known as Ess Kay Fincorp Limited) (the "Company")** will be held on Wednesday, 03rd August, 2022 at 10:00 a.m. through Video Conferencing or Other Audio Visual Means (**"VC/ OAVM"**) to transact the business mentioned below.

ORDINARY BUSINESS:

ITEM NO. 01 - TO ADOPT THE AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2022 TOGETHER WITH THE REPORTS OF THE BOARD OF DIRECTORS AND AUDITORS THEREON.

ITEM NO. 02 - TO APPOINT A DIRECTOR IN PLACE OF MS. DEBANSHI BASU (DIN: 07135074), WHO RETIRES BY ROTATION AND BEING ELIGIBLE, OFFERS HERSELF FOR RE-APPOINTMENT.

SPECIAL BUSINESS:

ITEM NO. 03 - TO REVISE THE REMUNERATION OF MR. RAJENDRA KUMAR SETIA, MANAGING DIRECTOR OF THE COMPANY.

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 196, 197, 198 and 203 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 and relevant rules made thereunder (including any statutory amendment(s), modification(s) or re-enactment(s) thereof for the time being in force) and enabling provisions of Articles of Association and all other applicable rules, laws and acts (if any) and subject to all other requisite approvals, permissions and sanctions and subject to such conditions as may be prescribed by any of the concerned authorities while granting such approvals and based on the recommendation of the Nomination and Remuneration Committee and Board of the company, consent of the shareholders of the Company be and is hereby accorded to the revision in the remuneration of Mr. Rajendra Kumar Setia, Managing Director of the Company, as set out below for the remaining period of his office effective from 20th May, 2022 with liberty to the Board of Directors to alter and vary the terms and conditions of appointment and/or remuneration as it may deem fit, subject to the same not exceeding the limits as mentioned in this resolution and as specified under Schedule V of the Companies Act, 2013 and that other terms and conditions of his appointment remaining the same as set out in Special Resolution passed by the members of Company on 11th March, 2022:

Fixed Remuneration:

Mr. Rajendra Kumar Setia shall be entitled to a fixed remuneration upto a maximum of ₹4,00,00,000/- (Rupees Four Crore Only) per annum as shall be approved by the Board of Directors from time to time on the recommendation of Nomination and Remuneration Committee.

Perquisites:

In addition to above, he shall be entitled to perquisites as per the HR Policy of the Company provided that such perquisites are within the overall ceiling as prescribed under Schedule V annexed to the Companies Act, 2013.

Performance Linked Bonus/Variable Pay:

a) In addition to Fixed Remuneration, Mr. Rajendra Kumar Setia shall also be entitled to performance linked bonus as variable remuneration of such amount as may be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors for each Financial Year or part thereof, within the overall limits as specified under Section 197 of the Companies Act, 2013 read with Schedule V to the Companies Act, 2013 (including any statutory modification or re-enactment thereof), subject to achievement of such performance parameters as may be stipulated by the Nomination and Remuneration Committee/ Board of the company;

b) The total Performance Linked Bonus/Variable Pay payable to Mr. Rajendra Kumar Setia in a financial year shall not exceed 200% of the Total Fixed Remuneration of such financial year.

In addition to the perquisites, Mr. Rajendra Kumar Setia shall also be entitled to the following benefits, which shall not be included in the computation of the above perquisites, as permissible by law and as per the HR policy of the Company.

Category I

a) **Provident Fund:** Company's Contribution to provident fund as per rules of the company.

b) **Gratuity:** payable in accordance with the rules of the company.

c) **Superannuation/ annuity Fund:** payable in accordance with any rules framed from time to time by the company in this regard.

d) **Earned Leave:** on full pay and allowances, as per rules of the company but not exceeding one month's leave for every eleven months of service.

Category II

a) **Conveyance:** Free use of the Company's car along with the driver.

b) **Telephone:** Free telephone facility at residence.

c) **Reimbursement of Expenses:** He shall also be entitled to reimbursement of such expenses as are genuinely and actually incurred in efficient discharge of his duties in connection with the business of the Company.

d) **Sitting Fee:** No sitting fee shall be paid to Mr. Rajendra Kumar Setia, Managing Director for attending the Meetings of Board of Directors or any committee thereof.

e) **General:** Where in any financial year, the company has no profits, or its profits are inadequate, the foregoing amount of remuneration and benefits shall be paid to Mr. Rajendra Kumar Setia subject to the applicable provisions of Schedule V of the said Act or any other law or enactment for the time being in force.

Other Terms & Conditions

a) Mr. Rajendra Kumar Setia will perform the duties and exercise the powers, which from time to time may be assigned to or vested in him by the Board of Directors of the Company.

b) He shall be liable to retire by rotation.

c) Either party giving the other party three-months prior notice in writing to that effect may terminate the MD Agreement.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to vary or increase the remuneration including salary, commission, perquisites, allowances etc. within such prescribed limits or ceiling and the MD Agreement shall be read along with such variation without any further reference to the members for their approval.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things, as it may, in its absolute discretion, deem necessary or expedient and to settle questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the Members of the Company."

ITEM NO. 04: TO REVISE REMUNERATION OF MR. SAMEER ARORA, CHIEF OPERATING OFFICER- 2 (RELATED PARTY).

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Section 188(1)(f) and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of Board and its powers) Rules, 2014 and Regulation 23 of Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 (including any statutory amendment(s), modification(s) or re-enactment(s) thereof for the time being in force) and the enabling provisions of the Articles of Association of the Company and subject to all other requisite approvals, permissions and sanctions and subject to such conditions as may be prescribed by any of the concerned authorities, if any, while granting such approvals and in supersession of the shareholders' resolution passed on 15th June, 2019 and as per the recommendation of the Nomination and Remuneration Committee and Audit committee and Board of the company in their meeting held on 20th May, 2022, consent of the Members of the company be and is hereby accorded to increase the overall limit of remuneration of Mr. Sameer Arora, relative of Ms. Shalini Setia, Whole Time Director of the Company appointed as Chief Operating Officer- 2 of the Company, in office or place of profit to ₹2,00,00,000/- (Rupees Two Crore Only) per annum with immediate effect.

RESOLVED FURTHER THAT Mr. Sameer Arora shall be entitled to medical reimbursement, club fees, promotion, incentive / performance linked bonus, personal accident insurance, company maintained cars along with chauffeur, telephone and such other perquisites in accordance with the company's HR policy within the overall limits approved by the shareholders.

RESOLVED FURTHER THAT the Board of Directors has the liberty to alter and vary such remuneration in accordance with the provisions of the Companies Act, 2013, to effect change in designation and responsibilities of Mr. Sameer Arora holding office or place of profit, within the overall limits approved by the shareholders.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things, as it may, in its absolute discretion, deem necessary or expedient and to settle questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the Members of the Company."

ITEM NO. 05: TO REVISE THE REMUNERATION OF MR. RAJ KUMAR SETIA, HEAD STRATEGY-SME (BUSINESS DEVELOPMENT) (RELATED PARTY).

To consider and if thought fit, to pass with or without modification(s), the following as an **Ordinary Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Section 188(1)(f) and all other applicable provisions, if any, of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 23 of Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 (including any statutory amendment(s), modification(s) or re-enactment(s) thereof for the time being in force) and the enabling provisions of the Articles of Association of the Company and subject to all other requisite approvals, permissions and sanctions and subject to such conditions as may be prescribed by any of the concerned authorities (if any) while granting such approvals as may be applicable and in supersession of the shareholders' resolution passed on 30th March, 2021 and as per the recommendation of the Audit committee and Board of the company in their meeting held on 20th May, 2022, consent of the Members of the company be and is hereby accorded to increase the overall limit of remuneration of Mr. Raj Kumar Setia, relative of Mr. Rajendra Kumar Setia, Managing Director of the company, designated as Head Strategy SME (Business Development), holding office or place of profit in the Company, to ₹2,00,00,000/- (Rupees Two Crore Only) per annum with immediate effect.

RESOLVED FURTHER THAT Mr. Raj Kumar Setia shall be entitled to medical reimbursement, club fees, promotion, incentive / performance linked bonus, personal accident insurance, company maintained cars along with chauffeur, telephone and such other perquisites in accordance with the company's HR policy within the overall limits approved by the shareholders.

RESOLVED FURTHER THAT the Board of Directors may alter and vary such remuneration in accordance with the provisions of the Companies Act, 2013, to effect change in designation and responsibilities of Mr. Raj Kumar Setia holding office or place of profit, within the overall limits approved by the shareholders.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things, as it may, in its absolute discretion, deem necessary or expedient and to settle questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the Members of the Company."

By Order of the Board
For SK Finance Limited
(Formerly Known As Ess Kay Fincorp Limited)

Anagha Bangur
Company Secretary
M. No.: F10697

Jaipur
20th May, 2022
Regd. Address: G 1-2, New Market, Khasa Kothi, Jaipur – 302001 (Rajasthan)
Website: www.skfin.in Email: info@skfin.in

NOTES:

1. The proceedings of the Annual General Meeting ("AGM") shall be deemed to be conducted at the Corporate Office of the Company at Plot No. 36, Dhuleshwar Garden, Jaipur- 302001 (Rajasthan).

2. In view of the prevailing situation requiring social distancing and in terms of the circulars issued by the Ministry of Corporate Affairs ("MCA") and Securities and Exchange Board of India ("SEBI") from time to time, the Annual General Meeting is being held through Video Conferencing (VC) or other audio visual means (OAVM), without the physical presence of the Members at a common venue, subject to the fulfilment of conditions as specified in the Companies Act, 2013 ("Act"), MCA and SEBI Circulars, issued from time to time.

3. **Pursuant to the provisions of the Companies Act, 2013 a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.**

4. Since the AGM will be held through VC / OAVM, the Route Map is not annexed to this Notice.

5. Institutional/Corporate Members intending to participate in the Annual General Meeting through their authorised representatives are requested to send a duly certified copy of their Board or Governing body's Resolution/Authorization letter etc. authorising their representatives to attend and vote on their behalf at the AGM pursuant to Section 113 of the Companies Act, 2013 to secretarial@skfin.in. Further, HUF members shall participate through Karta or any other member of HUF duly authorized by the Karta by way of authority letter.

6. Attendance of Members/Authorized Representatives through video conferencing shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

7. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 setting out material facts and reasons in respect of the business under Item No.03 to 05 as set out above, are annexed hereto and forms part of this Notice.

8. The financial statements including Board's report, Auditor's report and other documents required to be attached therewith (**"Annual Report"**) and AGM Notice will be sent only by email to the members, directors, debenture trustees, auditors and to all other persons so entitled. In case any such person requires a physical copy, the same will be provided on receipt of such request addressed to secretarial@skfin.in. Members may note that the Notice and Annual Report for the Financial year 2021-22 will also be available on the Company's website at https://www.skfin.in/ and on the website of the stock exchange i.e. BSE Limited at www.bseindia.com.

9. Members seeking any information with regard to the financial statements, accounts or any matter to be placed at AGM are requested to submit their questions in advance to secretarial@skfin.in. The same will be replied by the Company suitably. Alternatively, the members may also post their queries directly on the VC Platform i.e. the goto meeting app during the AGM.

10. Brief profile and other information about the Director in respect of re-appointment and revision in remuneration as required under Secretarial Standard on General Meetings ('SS-2') is annexed to this Notice as **Annexure-1.**

11. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Companies Act, 2013 will be available electronically for inspection by the Members during the continuance of AGM.

12. All the documents referred to in the Notice are open for inspection during working hours on all working days from the date of circulation of this notice till the conclusion of the AGM. Members may request for such documents by sending their requests at secretarial@skfin.in.

13. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts.

14. Members are requested to address all their correspondence including demat/remat applications, request for share transfers, intimation of change of address and other correspondence to the Company's RTA:-

Registrar & Securities Transfer Agent:

KFin Technologies Limited

(Formerly known as Kfin Technologies Private Limited)

27, Barakhamba Road, New Delhi 110 001

Contact Person: John Mathew

P: +91 011 43681700/43681702/9873886235

Email id: venu.sp@kfintech.com

15. Members are requested to:

    a) Notify the changes if any, in address, contact details, bank account etc. immediately to the Company and to the Registrar and Share Transfer Agent.

    b) Quote their Regd. Folio Number/DP and Client ID Nos. in all their correspondence with the Company or its Registrar and Share Transfer Agent ('RTA').

16. The Members may contact their respective depository participants for making nominations as permitted under Section 72 of the Companies Act, 2013.

17. **Procedure for attending the AGM through VC/ OAVM:**

    a) Members can attend the AGM through Video Conferencing on Wednesday, 03rd August, 2022 at 10:00 a.m. by clicking on the below mentioned link.

    https://meet.goto.com/649522549

    You can also dial in using your phone.

    (For supported devices, tap a one-touch number below to join instantly.)

    United States: +1 (224) 501-3412

    - One-touch: tel:+12245013412,,649522549#

    Access Code: 649-522-549

    Join from a video-conferencing room or system.

    Dial in or type: 67.217.95.2 or inroomlink.goto.com

    Meeting ID: 649 522 549

    Or dial directly: 649522549@67.217.95.2 or 67.217.95.2##649522549

    Get the app now and be ready when your first meeting starts: https://meet.goto.com/install

    b) After clicking on the aforesaid link, a dialogue box will appear stating "Type your name here".

    c) After entering the aforesaid details, please click on "Next Button" and Join the meeting.

    d) The aforesaid link for joining the meeting through VC shall be active for participation on the date of the Meeting i.e. Wednesday, 03rd August, 2022 from 09:45 a.m. (IST) till 10:15 a.m. (IST). The link will be disabled for participation after the said time of 10:15 a.m. (IST).

    e) Members who need assistance before or during the meeting, can contact at +91-9001288882 or email at secretarial@skfin.in

By Order of the Board
For SK Finance Limited
(Formerly Known As Ess Kay Fincorp Limited)

Anagha Bangur
Company Secretary
M. No.: F10697

Jaipur
20th May, 2022
Regd. Address: G 1-2, New Market, Khasa Kothi, Jaipur – 302001 (Rajasthan)
Website: www.skfin.in Email: info@skfin.in

EXPLANATORY STATEMENT UNDER SECTION 102(1) AND (2) OF THE COMPANIES ACT, 2013

The following Statement sets out all material facts relating to the Special Businesses mentioned in the accompanying Notice:

ITEM NO. 03

The Company has delivered a strong performance over the past fiscal year, creating significant stakeholder value. The Company has achieved overall growth under the leadership and guidance of Mr. Rajendra Kumar Setia.

Considering the contribution made by Mr. Rajendra Kumar Setia and based on the recommendation of the Nomination and Remuneration Committee, the Board of the company in their meeting held on 20th May, 2022 approved the revision in the overall remuneration payable to Mr. Rajendra Kumar Setia, Managing Director of the Company, with effect from 20th May, 2022, subject to the approval of the shareholders. All other terms and conditions of his appointment as Managing Director of the Company as approved by the members on 11th March, 2022 shall remain unaltered.

Accordingly, the approval of the Members is being sought to approve the revision in the overall remuneration of Mr. Rajendra Kumar Setia, Managing Director of the company for the remaining term of his office.

The brief profile of Mr. Rajendra Kumar Setia, in terms of the Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India has been provided as Annexure-1 to the Notice.

In view of the above, the Board of Directors of the Company recommends the passing of the resolution set out at Item No. 03 as an Ordinary Resolution.

Save and except for Mr. Rajendra Kumar Setia and Ms. Shalini Setia, Whole time Director of Company and their relatives, none of the Directors/Key Managerial Personnel of the Company or their relatives is concerned or interested financially or otherwise, in this resolution set out at Item No. 03 of the Notice except to the extent of their shareholding in the company.

ITEM NO. 04

Mr. Sameer Arora, Chief Operating Officer- 2 of the company, being the brother of Ms. Shalini Setia, Whole Time Director of the company, is a related party pursuant to section 2(76) of the Companies Act, 2013. Therefore, the payment of Remuneration to Mr. Sameer Arora will require the approval of the Members of the Company in General Meeting as per the Section 188 of the Companies Act, 2013 and rules made thereunder.

Mr. Sameer Arora, a Civil Engineer by qualification has 27+ years of experience. He started his career as an entrepreneur and joined the Company in the year 2007 with over 14 years of extensive experience in the field of sales, collection and operations. With his diversified skill set he carries specialized hold on sales and marketing of financial products, he is one of the main drivers of devising new product strategies and overlooking its implementation on the ground.

The Board considers that his longer association would immensely benefit the company and it is advisable to reward him in the light of responsibilities assigned to him. Accordingly, the Company is hereby seeking approval of the members in accordance with the provisions of Section 188 of the Companies Act, 2013 and rules made thereunder.

Following information pursuant to Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014 and SEBI Circular dated 07nd January, 2022, is provided for the proposed transaction with Mr. Sameer Arora:

S. No.	Particulars	Remarks
1.	Name of the related party	Mr. Sameer Arora
2.	Name of the director or key managerial personnel who is related, if any	Ms. Shalini Setia
3.	Nature of relationship	Brother of Ms. Shalini Setia, Whole Time Director of the Company
4.	Type, material terms and particulars of the proposed transaction;	Appointment at office or place of profit as Chief Operating Officer – 2 on a payout of not exceeding ₹2,00,00,000/- (Rupees Two Crore only) per annum and be broken into various components as per HR policy of the company. He shall be entitled to medical reimbursement, club fees, personal accident insurance, company maintained car, telephone and such other perquisites in accordance with the company's HR policy.
5.	Tenure of the proposed transaction	Regular
6.	Value of the proposed transaction;	Remuneration not exceeding ₹2,00,00,000/- (Rupees Two Crore only) per annum.
7.	The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction	0.25%

S. No.	Particulars	Remarks
8.	Any advance paid or received for the contract or arrangement, if any	NIL
9.	The manner of determining the pricing and other commercial terms both included as part of contract and not considered as part of the contract.	The terms of revised remuneration is equivalent with the prevailing Market scenario for this designation.
10.	Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary (The requirement of disclosing source of funds and cost of funds shall not be applicable to listed banks/NBFCs.)	Not Applicable
11.	Justification as to why the proposed transaction is in the interest of the listed entity	Mr. Sameer Arora is a Civil Engineer by qualification has 27+ years of experience who joined the Company in the year 2007 with over 14 years of extensive experience in the field of sales, collection and operations. He is one of the main drivers of devising new product strategies and overlooking its implementation on the ground. Therefore, in order to retain their services, the remuneration is proposed to be revised.
12.	A statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction will be made available through the registered email address of the shareholders;	Not Applicable
13.	Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;	Not Applicable
14.	Whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors	All factors relevant to the contract have been considered.
15.	Any other information relevant or important for the members to take a decision on the proposed resolution	Nil

The transaction entered into with Mr. Sameer Arora is at arm's length price. The Board of Directors of the Company have considered the revision in the remuneration in their meeting held on 20th May, 2022 based on the recommendation of the Audit Committee and Nomination and Remuneration Committee.

The Board of Directors recommends the resolution set out at item no. 04 of the Notice for the approval by the members as an Ordinary Resolution.

Save and except for Ms. Shalini Setia, Whole Time Director of the company, none of the Directors and Key Managerial Personnel of the Company or their respective relatives are concerned or interested, financially or otherwise, in the resolution.

ITEM NO. 05

Mr. Raj Kumar Setia, Head Strategy- SME (Business Development) of the company, being the brother of Mr. Rajendra Kumar Setia, Managing Director of the company, is a related party pursuant to section 2(76) of the Companies Act, 2013. Therefore, the payment of Remuneration to Mr. Raj Kumar Setia will require the approval of the Members of the Company in General Meeting as per the Section 188 of the Companies Act, 2013 and rules made thereunder.

Mr. Raj Kumar Setia holds a bachelor's degree in science from the University of Rajasthan and is associated with company since 5 years. He looks after the SME business vertical of the company very efficiently. He was initially appointed as SME Portfolio Zonal in-charge and was re-designated as Head Strategy- SME (Business Development) by the Board in their meeting held on 20th May, 2022.

The Board considers that his longer association would immensely benefit the company and it is advisable to reward him in the light of responsibilities assigned to him. Accordingly, the Company is hereby seeking approval of the members by way of Ordinary Resolution in accordance with the provisions of Section 188 of the Companies Act, 2013 and rules made thereunder.

Following information pursuant to Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014 and SEBI Circular dated 07nd January, 2022, is provided for the proposed transaction with Mr. Raj Kumar Setia:

S. No.	Particulars	Remarks
1.	Name of the related party	Mr. Raj Kumar Setia
2.	Name of the director or key managerial personnel who is related, if any	Mr. Rajendra Kumar Setia
3.	Nature of relationship	Brother of Mr. Rajendra Kumar Setia, Managing Director
4.	Type, material terms and particulars of the proposed transaction;	Appointment at office or place of profit as Head Strategy-SME (Business Development) on a payout of not exceeding ₹2,00,00,000/- (Rupees Two Crore only) per annum and be broken into various components as per HR policy of the company. He shall be entitled to medical reimbursement, club fees, personal accident insurance, company maintained car, telephone and such other perquisites in accordance with the company's HR policy.
5.	Tenure of the proposed transaction	Regular
6.	Value of the proposed transaction;	Remuneration not exceeding ₹2,00,00,000/- (Rupees Two Crore only) per annum.
7.	The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction	0.25%
8.	Any advance paid or received for the contract or arrangement, if any	NIL
9.	The manner of determining the pricing and other commercial terms both included as part of contract and not considered as part of the contract.	The terms of revised remuneration is equivalent with the prevailing Market scenario for this designation.
10.	Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary (The requirement of disclosing source of funds and cost of funds shall not be applicable to listed banks/NBFCs.)	Not Applicable
11.	Justification for why the proposed transaction is in the interest of the listed entity	Mr. Raj Kumar Setia is Science graduate and is associated with our company since more than past 5 years. He is looking after the SME segment of rural sector from sourcing to collection very efficiently and his contribution towards the growth of company is significant. Therefore, in order to retain their services, the remuneration is proposed to be revised.
12.	A statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction will be made available through the registered email address of the shareholders;	Not Applicable
13.	Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;	Not Applicable
14.	Whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors	All factors relevant to the contract have been considered.
15.	Any other information relevant or important for the members to take a decision on the proposed resolution	Nil

The transaction entered into Mr. Raj Kumar Setia is at arm's length price. The Board of Directors of the Company have considered the revision in the remuneration in their meeting held on 20th May, 2022 based on the recommendation of the Audit Committee.

The Board of Directors recommends the resolution set out at item no. 05 of the Notice for the approval by the members as an Ordinary Resolution.

Save and except for Mr. Rajendra Kumar Setia, Managing Director who is brother of Mr. Raj Kumar Setia, none of the Directors and Key Managerial Personnel of the Company or their respective relatives is concerned or interested, financially or otherwise, in the resolution

By Order of the Board
For SK Finance Limited
(Formerly Known As Ess Kay Fincorp Limited)

Anagha Bangur
Company Secretary
M. No.: F10697

Jaipur
20th May, 2022
Regd. Address: G 1-2, New Market, Khasa Kothi,
Jaipur – 302001 (Rajasthan)
Website: www.skfin.in Email: info@skfin.in

Annexure-I

BRIEF PROFILE AND OTHER INFORMATION OF DIRECTORS BEING APPOINTED / RE-APPOINTED AND REVISION IN REMUNERATION OF DIRECTORS AS SET OUT IN THIS NOTICE, IN TERMS OF SECRETARIAL STANDARD ON GENERAL MEETINGS (SS-2) ISSUED BY THE INSTITUTE OF THE COMPANY SECRETARIES OF INDIA.

PARTICULARS	MR. RAJENDRA KUMAR SETIA	MS. DEBANSHI BASU
Date of Birth	01/07/1969	22/04/1982
Age	52 years	40 years
DIN	00957374	07135074
Date of first appointment on the Board	21st November, 1994	09th November, 2020
Qualifications	B.Sc. from Rajasthan University	Chartered Accountant and a B.Com graduate
Brief Profile	Mr. Rajendra Kumar Setia, Managing Director of the company, has a wide experience of more than 27 years in finance industry and vehicle finance. He was also the President of Rajasthan Finance Companies Association, institution for representing interest of finance companies in the State of Rajasthan.	Ms. Debanshi has 17 years of experience across private equity, investment banking, audit and corporate finance. She has spent the last eleven years with Baring Private Equity India across investments and portfolio management primarily in the banking and financial services sectors and has led fund investments in various other sectors.
Other Directorships	Nil	Infrasoft Technologies Limited; Nehat Tech Solutions Private Limited
Chairpersonship/ membership of Committees in other companies	Nil	Nil
Relationship with other Directors/ Key Managerial Personnel of the Company	Spouse of Ms. Shalini Setia (Whole time Director)	Not related to any Director/ Key Managerial Personnel
No. of equity shares held in the Company	1,12,57,463 shares, out of which 10,17,447 shares are partly paid.	Nil
No. of Board meetings attended during the year	13/14	14/14
Terms and conditions of appointment/ re-appointment	N.A.	Re-appointment as a director liable to retire by rotation. No remuneration is to be paid to Non-Executive Nominee Director.
Remuneration last drawn	₹2,95,73,752	Nil
Remuneration sought to be paid	Ceiling limit of ₹4,00,00,000/- (Rupees Four Crore only) per annum and other terms as mentioned in the resolution above.	Nil

BOARD'S REPORT

To,
The Shareholders,
SK Finance Limited
(Formerly known as Ess Kay Fincorp Limited)

Your Directors have pleasure in presenting the Twenty Eighth Annual Report on the business and operations of SK Finance Limited (Formerly known as Ess Kay Fincorp Limited) (hereinafter referred as "the Company") together with the audited financial statements for the Financial Year ended on 31st March, 2022.

FINANCIAL SUMMARY AND HIGHLIGHTS

The Company's financial performance for the year ended on 31st March, 2022 is summarized below:

(₹ in lakhs)

Particulars	2021-22	2020-21
Total Revenue	82,068.72	68,249.13
Operating Expenses	67,520.96	51,418.31
Provision		
a. For NPA	(2,629.87)	2,551.09
b. for standard assets	(582.69)	1,938.07
Profit before tax	17,760.32	12,341.65
Tax expenses		
a. Current Year	3,643.65	4,295.40
b. Earlier Year Taxes	(465.56)	895.34
c. Deferred Tax	294.82	(1,957.50)
Profit after tax	14,287.41	9,108.41
Other comprehensive income/(expenses)	(72.33)	3.40
Total comprehensive income after tax	14,215.08	9,111.81
Appropriation		
a. Dividend	-	-
b. Tax on Dividend	-	-
c. Transfer to statutory reserve	(2,857.48)	(1,821.68)
Earnings per share		
Basic	50.47	36.14
Diluted	49.85	35.80

KEY INDICATORS

- Total income for the year increased by 20.25% to ₹82,068.72 Lakhs as compared to ₹68,249.13 Lakhs in 2020-21.
- Profit before tax for the year was ₹17,760.32 Lakhs as compared to ₹12,341.65 Lakhs in 2020-21, showing a significant growth of 43.91%.
- Profit after tax for the year was ₹14,287.41 Lakhs as compared to ₹9,108.41 Lakhs in 2020-21, showing a significant growth of 56.86%.

The detailed analysis of income and expenditure and financial ratios is made in the "Management Discussions and Analysis Report" forming part of this Annual Report.

STATE OF THE COMPANY'S AFFAIRS

BUSINESS DEVELOPMENTS

- **Disbursements**

  The Company offers, a wide range of commercial loans such as New and Used Car Loans, Agriculture Loans, Commercial Vehicle Loans and Two Wheeler Loans, Business Loans ("MSME"), Loans against Property and Personal Loans. The Segment wise disbursement of the Company for Financial Year 2021-22 is summarized here below:

(₹ in Lakhs)

Particulars	2021-22	2020-21
Agricultural equipment loan	57,904.09	31,916.26
Car Loan	61,029.65	28,275.14
Commercial vehicle loan	1,56,555.23	80,475.07
MSME loans	32,844.52	17,365.27
Two wheeler loan	14,271.46	5,373.44
Total	**3,22,604.94**	**1,63,387.18**

- **Assets Under Management (AUM)**

  During the Financial Year 2021-22 the Company crossed the total asset size of ₹5,000 Crore. The AUM of the Company stood at ₹4,714.26 Crore as at 31st March, 2022 against ₹3,417.17 Crore as at 31st March, 2021registering a robust growth of 37.95% on YoY basis.

- **Non-performing Asset (NPA)**

  our Company is in strict adherence to the provisions of Indian Accounting Standards (Ind AS) with respect to computation of NPA. The company's assets have been classified based on the expected performance.

  The Company ensures adherence to its strong collection and recovery measures under the COVID-19 scenarios, which has helped the company to contain its gross NPA at ₹13,507.76lakhs (2.83% of the loan assets) and net NPA at ₹9,647.32 Crore (2.04% of the loan assets) as at 31st March, 2022 as compared to 4.03% and 1.94% in previous years respectively.

- **Network Expansion (Branches)**

  The Company further expanded its geographical presence by reaching out to semi urban/rural areas and increased its footprint by opening new branches and making it more accessible to its customers. The Company strengthened its presence across the 10 states with a network of 423 branches by adding more than 80 branches during the review year.

- **Capital Adequacy**

  Capital adequacy (CRAR) as at 31st March, 2022 under Ind-AS stood at 30.42% which is well above the minimum regulatory norms for non-deposit accepting NBFCs. Out of the above, Tier I capital adequacy ratio stood at 29.79% and Tier II capital adequacy ratio stood at 0.63% respectively.

OTHER MATERIAL EVENTS

- **Change in Name of the Company**

  The Company has changed its name in the Shareholders Meeting held on 18thAugust, 2021 from "Ess Kay Fincorp Limited" to "SK Finance Limited" with a view to align the name of company with the registered trademark of the company i.e. "SK Finance". The change in the name of the company has not affected any of the rights of the company or of the shareholders/stakeholders of the company and the regulator for the company i.e. RBI has also issued its no objection certificate for the said name of the company. The Ministry of Corporate Affairs had issued fresh Certificate of Incorporation on 07th September, 2021 confirming the name change of the company.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed discussion on the following aspects is included in the "Management Discussion and Analysis Report" in accordance with the applicable provisions of Non-Banking Financial Company - Systemically Important Non Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which forms part of this Annual Report:

a) Industry structure and developments;

b) Opportunities and Threats;

c) Segment–wise or product-wise performance;

d) Outlook;

e) Risks and concerns;

f) Internal control systems and their adequacy;

g) Discussion on financial performance with respect to operational performance;

h) Material developments in Human Resources / Industrial Relations front, including number of people employed;

i) Details of significant changes in key financial ratios;

j) Such other material aspects

CHANGE IN THE NATURE OF THE BUSINESS

During the year, there was no change in the nature of business of the Company.

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

There were no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of this Report.

TRANSFER TO RESERVES

Since the Company is a Non-Banking Financial Company ("NBFC") registered with Reserve Bank of India ("RBI"), therefore as required under section 45-IC of the Reserve Bank of India Act, 1934, the Company has transferred a sum of ₹2,857.48/- Lakhs to statutory reserves out of profits.

Further, your Board of Directors does not propose to transfer any amount to general reserves of the Company.

DIVIDEND

With a view to enhance the growth and business of the Company and in order to deal with the uncertain economic environment, your directors aims to conserve the resources of the Company. Accordingly they do not recommend any dividend for the financial year ended on 31st March, 2022.

The company has put in place a dividend distribution policy and observes compliance of the same. The policy is available on the website of the company at http://www.skfin.in/disclosures.php

DEPOSITS

Being a non-deposit taking Company, the Company has not accepted any deposits from the public within the meaning of the provisions of Master Direction - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 and provisions of the Companies Act, 2013 (''the Act") are not applicable on the Company. Further, the Company shall not accept deposits from public without obtaining prior approval from the RBI.

CAPITAL STRUCTURE

During the year, following changes took place in the Share Capital structure of the Company:

- **Authorized Share Capital**

  The current authorized share capital of the Company is ₹30,00,00,000/- (Rupees Thirty Crore) divided into 15,00,00,000 (Fifteen Crore) equity shares of ₹2/- (Rupees Two) each.

During the year under review, the authorized share capital was increased as detailed below:

1. From ₹5,75,00,000/- (Rupees Five Crore Seventy Five Lakhs) divided into 2,87,50,000 (Two Crore Eighty Seven Lakhs Fifty Thousand) equity shares of ₹2/- (Rupees Two) each to ₹7,50,00,000/- (Rupees Seven Crore and Fifty Lakhs) divided into 3,75,00,000 (Three Crore and Seventy Five Lakhs) equity shares of ₹2/- (Rupees Two) each, by the members in the Annual General Meeting held on 18th August, 2021;

2. From ₹7,50,00,000/- (Rupees Seven Crore and Fifty Lakhs) divided into 3,75,00,000 (Three Crore and Seventy Five Lakhs) equity shares of ₹2/- (Rupees Two) each to ₹30,00,00,000/- (Rupees Thirty Crore) divided into 15,00,00,000 (Fifteen Crore) equity shares of ₹2/- (Rupees Two) each, by the members at their Extra-ordinary General Meeting held on 22nd September, 2021.

- **Issued, Subscribed and Paid up Share Capital:**

  During the year, the following changes were effected in the issued, subscribed and paid-up share capital of the company:

Issue of Equity Shares on Private Placement basis:

In order to augment the capital base and pursuant to shareholders' approval by way of Special Resolution passed in the Extra Ordinary General Meetings and other necessary regulatory approvals and in compliance with provisions of the Act, the company consummated Equity Rounds IV & V infusing approximately ₹48,700 Lakhs as summarized below:

Investors	Date of Allotment	No. of shares	Issue Price	Total Amount (In ₹)
Mr. Rajendra Kumar Setia	12th May, 2021	1,50,011	₹1,466.56/-	22,00,00,132.16
TPG Growth IV SF Pte. Limited		11,25,084		1,65,00,03,191.04
Norwest Venture Partners X – Mauritius		8,52,336		1,25,00,01,884.16
Evolvence India Fund III Ltd		1,70,467		25,00,00,083.52
IIFL Special Opportunities Fund - Series 9	23rd December, 2021	3,41,222	₹2,197.98/-	74,99,99,131.56
Massachusetts Institute Of Technology		2,76,617		60,79,98,633.66
238 Plan Associates LLC		64,607		14,20,04,893.86
TOTAL		**29,80,344**		**4,87,00,07,949.96**

The new Equity Shares issued during the year ranks pari-passu with the existing Equity Shares of the Company in all respects. The funds raised through the aforesaid Issues were utilized for the expansion of the loan portfolio of the Company, and for other business purposes as set out in the business plan of the Company, and to fill the general corporate requirements in such manner as approved by the Investors.

Issue of Equity Shares under ESOP:

During the year, 13,875 (Thirteen Thousand Eight Hundred and Seventy Five) equity shares of the face value of ₹2/- (Rupees Two) each were allotted to the employees upon the exercise of the stock options by the eligible employees with due approvals from the Nomination and Remuneration Committee.

Post the allotment of equity shares and exercise of stock options as aforesaid, the issued and subscribed equity share capital of the company as on 31st March, 2022 stood at ₹5,84,20,510/- (Rupees Five Crore Eighty Four Lakhs Twenty Thousand Five Hundred and Ten) consisting of 2,92,10,255 (Two Crore Ninety Two Lakhs Ten Thousand Two Hundred and Fifty Five) equity shares of ₹2/- (Rupees Two) each.

The paid-up equity share capital of the company as on 31st March, 2022 stood at ₹5,81,66,148.25/- (Rupees Five Crore Eighty One Lakhs Sixty Six Thousand One Hundred and Forty Eight and Paisa Twenty Five). The difference between the issued and paid up capital corresponds to the subsisting partly paid up shares issued by the company.

EMPLOYEE STOCK OPTIONS (ESOP):

The Company had formulated and implemented Employee Stock Option Plan 2018 approved by the shareholders on 11th September, 2018 which was amended and replaced by "Amended and Restated Employee Stock Option Plan 2018"("Plan") by the shareholders on 31st October, 2018. Further, the shareholders of the Company have recently amended the scheme on 11th March, 2022. The Nomination and Remuneration Committee of the Board of Directors of the Company, inter-alia, administers and monitors the Plan in accordance with the provisions of the Act and rules made thereunder. During the year under review, no options were granted to eligible employees under the Plan.

The details of the Options under the scheme are summarized below:

Details	ESOP-I	ESOP-II
Options granted	4,08,250	51,500
Options vested	2,04,125	13,250
Options exercised	10,625	7,000
Total number of shares arising as a result of exercise of option	10,625	7,000
Options lapsed	51,250	7,000
Variation in terms of options	No variation	No variation
Exercise price (in ₹)	249.35	596.29
Money realized by exercise of options (in ₹)	26,49,343.75	39,85,030
Total number of options in force as at 31st March, 2022	3,46,375	37,500

Employee-wise details of options granted to:

a) Key Managerial Personnel:

Sr. No.	Name of Key Managerial Personnel as at 31st March, 2022	ESOP-I		ESOP-II	
		Granted	Exercised	Granted	Exercised
1.	Mr. Atul Arora, CFO	87,500	-	-	-
2.	Ms. Anagha Bangur, CS	3,000	-	-	-

b) Any other employee who received a grant of Options in any one year of Options amounting to five percent or more of Options granted during that year:

The following employees have received grant of options amounting to five percent or more of Options granted during that year:

- Mr. Sameer Arora;
- Mr. Atul Arora;
- Mr. Pratit Vijayvargiya;
- Mr. Girish Dangayach;
- Mr. Nripendra Singh; and
- Mr. Rohit Srivastava

c) Identified employees who were granted Options, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant: None

RESOURCE MIX

The Company has diversified funding sources from Public Sector Banks, Private Sector Banks, Financial Institutions, Mutual Funds etc. During the year under review, the Company continued with its diverse methods of sourcing funds in addition to regular borrowings like Secured and Unsecured Debentures, Term Loans, Commercial Papers, External Commercial Borrowings etc., and maintained prudential Asset Liability Match throughout the year. The Company sourced long-term debentures and loans from banks and other institutions at competitive rates in line with Company's Resource Planning Policy.

• Private Placement of Non-convertible Debentures

During the year under review, your Company issued Secured/Unsecured Non-Convertible Debentures including Secured Principal Protected Market Linked Non-Convertible Debentures ("NCDs") and raised an amount aggregating to ₹18,500 Lakhs on a private placement basis, in various tranches. The NCDs are listed on the debt market segment of BSE Limited.

As specified in the respective offer documents, the funds raised from NCDs were utilised for various financing activities, onward lending, to repay existing indebtedness, working capital and general corporate purposes of the Company. Details of the end-use of funds were furnished to the Stock Exchange on a quarterly basis.

The brief details of NCDs issued on a private placement basis during the year 2021-22 is mentioned as under:

S. No	ISIN	Date of Issue	Date of Allotment	Secured/ Unsecured	Coupon Rate	Listed/ Unlisted	No. of Debentures	Maturity date	Issue Price (in ₹)	Amount (In Lakhs)
1	INE124N07564	03.11.2021	12.11.2021	Secured	Market linked	Listed	1,500	12.01.2024	10,00,000	15,000
2	INE124N08075	23.12.2021	29.12.2021	Unsecured	9.25% p.a.	Listed	350	29.06.2024	10,00,000	3,500
			Total				**1,850**			**18,500**

The Company has been regular in making payments of principal and interest on all the NCDs issued by the Company on a private placement basis. There are no NCDs which have not been claimed by investors or not paid by the Company after the date on which the NCDs became due for redemption. The assets of the Company which are available by way of security are sufficient to discharge the claims of the debt security holders as and when they become due.

- **Securitization/ Assignment:**

  During the year, the Company assigned /securitized its loan portfolio having principle value of ₹31,826.21 Lakhs of which ₹26,292.46 Lakhs were securitized through issue of Pass Through Certificates and ₹5,533.76 Lakhs was assigned /securitized in Direct Assignment mode.

- **Bank Borrowings:**

  During the year, the Company has raised fresh Secured Loans of ₹1,71,500 Lakhs from Banks and Financial Institutions.

- **Commercial Papers:**

  As at 31st March, 2022, the Company had Commercial Paper (CPs) with an outstanding amount (face value) of ₹500 Lakhs. CPs constituted 1.10% of the outstanding borrowings as at 31st March, 2022. The CPs of the Company are listed on the debt market segment of BSE Limited. The brief details of the CPs issued during the year are tabled below:

S. No	ISIN	Date of Issue	Listed/ Unlisted	No of Units	Tenor	Maturity date	Issue Price (in ₹)	Amount (In Lakhs)
1	INE124N14040	27th January, 2022	Listed	500	91 days	28th April, 2022	5,00,000	2,500
2	INE124N14057	09th March, 2022	Unlisted	100	90 days	30th May, 2022	5,00,000	5000

The Company has observed compliance with the Operational Circular for issue and listing of Non-convertible Securities, Securitized Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper issued by SEBI and the Fixed Income Money Market and Derivatives Association of India (FIMMDA) guidelines in all its CP issuances.

CREDIT RATINGS

The Company's financial discipline and prudence is reflected in the credit ratings ascribed by rating agencies. During the period under review, the Company reported the following changes in the credit ratings.

Name of Credit Rating Agency	Type of Instrument	Existing Credit Rating	Revision in Credit Rating	Date of Revision
CARE Ratings Ltd.	Non-Convertible Debentures	CARE A; Stable	CARE A+; Stable	03rd March, 2022
	Principal protected Market Linked Non-Convertible Debentures	CARE PP-MLD A/Stable	CARE PP-MLD A+/Stable	
	Bank Loan Facility	CARE A; Stable	CARE A+; Stable	
CRISIL Ratings Limited	Non-Convertible Debentures	CRISIL A; Stable	CRISIL A+; Stable	09th February, 2022
	Principal protected Market Linked Non-Convertible Debentures	CRISIL PP-MLD Ar/Stable	CRISIL PP-MLD A+ r/ Stable	
	Structured Non-Convertible Debentures	CRISIL AA;(CE) Stable	Not Applicable	
	Bank Loan Facility	CRISIL A; Stable	CRISIL A+; Stable	
ICRA Limited	Principal Protected Market Linked Non-Convertible Debentures	PP-MLD-ICRA A (Stable)	PP-MLD [ICRA] A+ (Stable)	03rd March, 2022
	Non-Convertible Debentures	ICRA A Stable	[ICRA]A+ (Stable)	
	Bank Loan Facility	ICRA A Stable	[ICRA]A+ (Stable)	

Further, the company has obtained fresh credit ratings from the following agencies:

Name of the Credit Rating Agency	Type of Instrument	Rating obtained	Date of Rating
India Ratings and Research Private Limited	Commercial Paper	IND A1+	31st December, 2021
	Bank Loan Facility	IND A+/Stable	
Acuite Ratings &Research Limited	Bank Facilities	ACUITE AA- Stable	10th February, 2022
	Commercial Paper	ACUITE A1+	

All of the above ratings indicate a high degree of safety with regard to timely payment of interest and principal. The company has placed on its website all credit ratings obtained for all its outstanding instruments and has intimated the revision in the ratings to the stock exchange as well within the stipulated timelines.

INVESTOR EDUCATION AND PROTECTION FUND:

Pursuant to Sections 124 and 125 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), dividend, if not claimed for a period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, shall be transferred to the Investor Education and Protection Fund ("IEPF").

The Company had issued Compulsory Convertible preference shares (CCPS) in the year 2012 which were converted into the equity shares of the company on 27th March, 2017. During the year under review, the company has transferred ₹1,199/- (Rupees One Thousand One Hundred and Nineteen only) remaining unclaimed on the aforesaid CCPS relating to the financial year 2013-14 to IEPF and necessary filings were made to the relevant authorities. The details of the same are provided on the website of the company at https://www.skfin.in/disclosures.php. Further, year wise amount of unclaimed dividend lying in the unpaid account which are liable to be transferred to the IEPF and the due dates for such transfer have also been detailed below:

S. No.	FY	Unclaimed Dividend Amount	Due date of transfer to IEPF
1	2014-15	1,199	29.11.2022
2	2015-16	1,199	01.10.2023
3	2016-17	1,199	17.08.2024

The company has appointed Ms. Anagha Bangur, Company Secretary of the company as the "Nodal Officer" of the company for the purpose of the IEPF Rules.

DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

- **Appointment/ Re-appointment of Directors**

  During the year under review, there were no new appointments on the Board of the company. However, the Board of directors, based on the recommendation of the Nomination and Remuneration Committee, in their meeting held on 09th February, 2022 approved the reappointment of Mr. Rajendra Kumar Setia (DIN:00957374) as the Managing Director and Ms. Shalini Setia (DIN:02817624) as the Whole time Director of the company for a further term of 5 years with effect from 19th May, 2022 till 18th May, 2027 which was further approved by the members at their Extra-Ordinary general meeting held on 11th March, 2022.

  The company has received the requisite declarations from the aforesaid directors confirming that they satisfy the fit and proper criteria as prescribed under the applicable RBI regulations and are not disqualified from being reappointed as directors in terms of Section 164(2) of the Act.

- **Retirement by Rotation**

  In terms of Section 152 of the Act read with the rules made thereunder read with the Articles of Association of the Company, Ms. Debanshi Basu (DIN:07135074) Nominee Director, whose tenure in the office is the longest, retires by rotation at the ensuing Annual General Meeting and being eligible, has offered herself for reappointment. The Board of Directors of your Company recommends the reappointment of the Director liable to retire by rotation at the ensuing AGM. The brief profile of the said director is annexed in the Notice convening the 28th AGM of the Company.

- **Key Managerial Personnel**

  Pursuant to the provisions of Section 203 of the Act read with the rules made there under, the following are the whole time key managerial personnel of the company as on 31st March, 2022.

  a) Mr. Rajendra Kumar Setia, Managing Director

  b) Ms. Shalini Setia, Whole time Director

  c) Mr. Atul Arora, Chief Financial Officer

  d) Ms. Anagha Bangur, Company Secretary

  There was no change in the Key Managerial Personnel of the Company during the financial year 2021- 22 and upto the date of this report.

- **Independent Directors**

  The Independent Directors have submitted the requisite declarations under Section 149(7) of the Act and Regulation 25(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR") confirming that they meet the criteria of independence as stipulated under the provisions of Section 149(6) of the Act and Regulation 16 (1) (b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and have further confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence.

  Further, the Board after taking these declarations on record and acknowledging the veracity of the same, concluded that the Independent Directors are persons of integrity and possess the relevant proficiency, expertise and experience to qualify as Independent Directors of the Company and are Independent of the Management of the Company.

  In terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended, the names of all the Independent Directors of the Company have been included in the Independent Director's databank maintained by the Indian Institute of Corporate Affairs (IICA). Further, the Independent Directors were exempted from qualifying the online proficiency self-assessment test conducted by the IICA.

  The independent directors met on 09th February, 2022 without the presence of non-independent directors and members of the management and all the independent directors were present at such meeting.

CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

The Company has adopted a Code of Conduct for its Directors and Senior Management Personnel including a code of conduct for Independent Directors which suitably incorporates the duties of Independent Directors as laid down in the Act. The said Codes can be accessed on the Company's website at https://www.skfin.in/disclosures.php.

In terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Directors and Senior Management Personnel have affirmed compliance with their respective codes. The Managing Director has also confirmed and certified the same. The said certificate forms part of this Annual Report as **Annexure-3.**

FIT AND PROPER

All the Directors of the Company have confirmed that they satisfy the "fit and proper" criteria as prescribed in Chapter XI of RBI Master Direction No. DNBR. PD. 008/ 03.10.119/2016-17 dated 1st September, 2016 and that they are not disqualified from being appointed/continuing as Directors in terms of Section 164(2) of the Act.

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

Pursuant to the applicability of Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has put in place a Familiarisation Programme to familiarise the Independent Directors about the Company and their roles, rights and responsibilities in the Company. The details of the Familiarisation Programme during the Financial Year 2021-22 is explained in the "Report on Corporate Governance Report" and the same is also available on the website of the Company https://www.skfin.in/disclosures.php.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION AND OTHER DETAILS

Pursuant to the provisions of Section 134(3)(e), the Company's Nomination and Remuneration policy on director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under Section 178(3) is available on the website of the Company https://www.skfin.in/disclosures.php.

The Nomination and Remuneration Policy for Directors, Key Managerial Personnel and Senior Management Personnel is aligned to the philosophy on the commitment of fostering a culture of leadership with trust. The policy aims to ensure that the level and composition of the remuneration of the Directors, Key Managerial Personnel and Senior Management personnel is reasonable and sufficient to attract, retain and motivate them to successfully run the Company. During the year under review, there were no amendments in the said policy.

Further, the Company has also adopted a 'Fit and Proper' Policy for ascertaining the 'Fit and Proper' criteria to be adopted at the time of appointment of directors and on a continuing basis, pursuant to the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued by Reserve Bank of India.

PERFORMANCE EVALUATION

Pursuant to the provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors has carried out an annual evaluation of its own performance, its Committees, the Directors individually including Independent Directors based out of the criteria and framework stipulated in the Nomination & Remuneration policy of the company and adopted by the Board.

Feedback was sought by way of well-defined structured questionnaire covering various aspects of the Board's functioning and the evaluation was carried out based on responses received from the Directors. The Board also considered the evaluation results as collated by the Nomination and Remuneration Committee ("NRC") while conducting the evaluation and expressed their satisfaction with the evaluation process. The evaluation process endorsed cohesiveness amongst directors, smooth communication between the Board and the management and the openness of the management in sharing the information with the Board and placing various proposals for the Board's consideration and approval.

The evaluation process, manner and performance criteria for Independent Directors in which the evaluation has been carried out is explained in detail in the "Report on Corporate Governance" forming part of this Annual Report.

EMPLOYEE REMUNERATION

Pursuant to Rule 2A of the Companies (Specification of Definitions Details) Rules, 2014, public companies which have not listed their equity shares on a recognized stock exchange but have listed their non-convertible debt securities issued on private placement basis in terms of SEBI (Issue and Listing of Debt Securities) Regulations, 2008, shall not be considered as listed company in terms of the Act. Hence, section 197 (12) read with rules 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable.

BOARD MEETINGS

The calendar of the Board Meetings is circulated to the Directors in advance to enable them to plan their schedule for effective participation at the meetings. Additional Board Meetings are convened by giving appropriate notices to address company's specific needs. The Board meets at regular intervals to discuss and decide on significant strategic, financial, operational and compliance matters.

The Board of Directors met 14 times during the year under review i.e. on 07th April, 2021, 29th April, 2021, 05th May, 2021, 06th May, 2021, 12th May, 2021, 14th July, 2021, 12th August, 2021, 18th August, 2021, 29th October, 2021, 13th December, 2021, 23rd December, 2021, 28th December, 2021, 09th February, 2022 and 14th March, 2022.

Frequency and quorum at these meeting and the intervening gap between any two meetings were in conformity with the provisions of the Act, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards issued by The Institute of Company Secretaries of India.

COMMITTEES OF THE BOARD

The Committees of the Board focus on certain specific areas and make informed decisions in line with the delegated authority. As on 31st March, 2022, the Board has 7 Committees, namely:

- Audit Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility Committee
- Risk Management Committee
- IT Strategy Committee
- Executive Committee
- Asset Liability Management Committee

"Asset-Liability Management Committee", Board delegated committee was reclassified as "Asset Liability Management Committee", a sub-committee of the Management of the company in the meeting of the Board of Directors held on 09th February, 2022.

During the year under review, all recommendations made by the committees were accepted by the Board of Directors. Further, details of Board Committees along with their composition, terms of reference, meetings held during the year and attendance thereat are provided in "Report on Corporate Governance" forming part of the Annual Report.

INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company's internal financial control system is designed to ensure operational efficiency, compliance with laws and regulations and accuracy and promptness in financial reporting. Review of the internal financial controls of the Company is undertaken annually which covers testing of process, assessing the risk where a material weakness exists, and testing and evaluating the operating effectiveness of internal control based on the assessed risk, review of key business processes for updating risk control matrices, etc. Moreover, the Company continuously upgrades its systems and undertakes review of policies, guidelines, manuals and authority matrix.

The internal financial control is supplemented by extensive internal audits, regular reviews by the management and standard policies and guidelines to ensure reliability of financial and all other records to prepare financial statements, its reporting and other data. The Audit Committee of the Board reviews internal audit reports given along with management responses. The Audit Committee also monitors the implemented suggestions. The statutory auditors of the Company have also certified on the existence and operating effectiveness of the internal financial controls relating to financial statements as at 31st March 2022. The details of the Internal Financial Controls and issues related thereto have been explained in the "Management Discussion and Analysis Report", forming part of this Annual Report.

AUDITORS

- **Statutory Auditors**

  M/s B S R & CO. LLP, Chartered Accountants, (FRN: 101248 W/W-100022) were appointed as Statutory Auditors of the Company, in the 24th Annual General Meeting for a period of 5(Five) years to hold office upto 29th AGM of the Company to be held in Calendar Year 2023.

  RBI had issued guidelines on appointment of statutory auditor (s) by Non-Banking Financial Company (NBFC) vide Circular RBI/2021-22/25 Ref. No. DoS. CD.AR G/SEC.01/08.91.001/2021-22 dated April 27, 2021 ('Circular'/'Guidelines'). With respect to para 2.2 of the aforesaid circular, the incumbent Statutory Auditor of the Company M/s B S R & Co. LLP, Chartered Accountants, Mumbai (Membership Number: 101248W/W-100022) has been rotated out as Statutory Auditor of the Company since they have completed 3 years of the audit tenure. Therefore, the Board of Directors in their meeting held on 14th July, 2021, after considering and endorsing the recommendation of Audit committee, and shareholders in the 27th Annual General Meeting held on 18th August, 2021, appointed M/s S. R. Batliboi & Associates LLP, Chartered Accountants, Gurugram (ICAI Firm Registration No. 301003E/E300005) as the Statutory Auditors of the Company, for a period of three years starting from FY 2021-22 till FY 2023-24.

  Further, in order to protect the independence, the statutory auditors are required to satisfy the eligibility norms each year. In line with the same, M/s S. R. Batliboi & Associates LLP, Chartered Accountants, Gurugram have confirmed that they are not disqualified to continue their appointment as Statutory Auditors of the company and have provided their eligibility letter in terms of the aforesaid RBI Circular.

  Further, the Auditors' Report given by the Statutory Auditors on the Financial Statements of the Company for FY 2021-22 is disclosed in the Financial Statements of the Company. There has been no qualification, reservation, adverse remark or disclaimer given by the Statutory Auditors in their Report for the year under review.

- **Secretarial Auditor**

  Pursuant to the provisions of Section 204 of the Act read with The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of directors had appointed M/s V.M. & Associates, Company Secretaries (Firm Registration No P1984RJ039200) to conduct secretarial audit of the company for the financial year 2021-22. The

Secretarial Audit Report in form MR-3 is annexed to this Annual Report as **Annexure-1**. There were no qualifications, reservation or adverse remark in the audit report for the financial year 2021-22.

Pursuant to Regulation 24A (2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a report on secretarial compliance for Financial Year ended 31st March, 2022 has been issued by M/s V.M. & Associates, Company Secretaries (Firm Registration No P1984RJ039200) and the same was submitted to the stock exchange within the prescribed timelines. The said report is also available on the website of the Company at http://www.skfin.in/disclosures.php.

Further, the Board has approved the re-appointment of M/s V. M. & Associates, Company Secretaries as Secretarial Auditors of the Company to carry out secretarial audit of the Company for the financial year 2022-23.

- **Internal Auditor**

  Pursuant to the provisions of section 138 of the Companies Act, 2013, M/s Shah Patni & Co., Chartered Accountants, (FRN: 001055C) were appointed as Internal Auditor of the Company to conduct Internal Audit for the Financial Year 2021-22. Further, the Board has approved their re-appointment as Internal Auditors of the Company to carry out Internal audit of the Company for the financial year 2022-23.

  The internal audit team is manned by highly qualified and experienced personnel and reports directly to the Audit Committee of the Board. The Audit Committee regularly reviews the audit findings as well as the adequacy and effectiveness of the internal control measures.

REPORTING OF FRAUDS BY AUDITORS

During the period under review, the auditors of the Company did not report, under section 143(12) of the Act, any instances of fraud committed against the Company by its officers or employees, the details of which would need to be mentioned in the Board's Report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Pursuant to section 186(11) of the Act, the company is exempted from the provisions related to loans made, guarantees given and securities provided.

As regards to investments made by the Company, the details have been provided in notes to the Financial Statements of the Company for the year ended 31st March, 2022.

RELATED PARTY TRANSACTIONS

Pursuant to the provisions of the Section 188 of the Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as required under the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, the Board has, on recommendation of its Audit Committee, adopted a policy on related party transactions and the said policy is available on the website of the Company at http://www.skfin.in/disclosures.php.

All the related party transactions that were entered during the financial year were in the ordinary course of business and on an arm's length basis. There were no materially significant transactions made by the company with the related parties either individually or taken together with the previous transactions which may have a potential conflict with the interest of the company at large. All the related party transactions are placed before the Audit Committee and subsequently before the Board of Directors for approval and review on quarterly basis.

Transactions with related parties, as per the requirements of Ind-AS, are disclosed in the Note no. 39 of the Notes to the financial statements forming part of this Annual Report.

Pursuant to the provisions of Section 134(3)(h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014, there are no transactions required to be reported under section 188(1) of the Act. Accordingly, the disclosure of Related Party Transactions in Form AOC-2 is not applicable on the company.

VIGIL MECHANISM/WHISTLE BLOWER POLICY

Pursuant to Section 177(9) of the Act and Regulation 4(2)(d)(iv) of the SEBI LODR, the Company has in place a vigil mechanism to provide a formal mechanism to the Directors and employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. A whistle blowing or reporting mechanism, as set out in the Policy, invites all Directors and employees to act responsibly to uphold the reputation of the Company. The Policy aims to ensure that serious concerns are properly raised and addressed and are recognized as an enabling factor in administering good governance practices.

This Vigil Mechanism of the Company is overseen by the Audit Committee and provides adequate safeguard against victimization of employees and also provides direct access to the Chairman of the Audit Committee in exceptional circumstances. The whistle blower complaints are reviewed by the Audit Committee on a yearly basis. The Vigil Mechanism/ Whistle Blower policy is available on the website of the Company at http://www.skfin.in/disclosures.php

During the year, no whistle blower event was reported and the mechanism is functioning well. No personnel have been denied access to the Audit Committee.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

A. Conservation of Energy:

i. The steps taken or impact on conservation of energy:

The operations of the Company, being financial services do not require intensive consumption of electricity. However, the Company is taking all possible measures to conserve energy. Several environment friendly measures were adopted by the Company as detailed below.

ii. The steps taken by the Company for utilizing alternate sources of energy:

- Installation of capacitors to save power;
- Installation of Light Emitting Diode (LED) lights for new branches;
- Creating environmental awareness by way of distributing the information in electronic / digital form; and
- Reduction in water and energy consumption and recycling of waste paper generation at various locations;
- Education and awareness programs for employees.

iii. The Capital investment on energy conservation equipment:

As per the business activities carried out by your Company, there is no capital investment on energy conservation equipment.

B. Technology Absorption:

i. The efforts made towards technology absorption:

The Company has improved operational process and patron overall journey, and has launched cognitive chatbot platform for self-service with the regional level support to manage customer accounts 24X7 which results in reducing customer queries. Along with effective communication with customers, the company's integrated WhatsApp chatbot provides instant updates on their queries resulting in reducing the waiting time of the agents.

ii. The benefit derived like product improvement, cost reduction, product development or import substitution:

The Company uses the enhanced information technology in business operations which results in quicker loan turnaround time, reduction in transaction costs and digitized the collection processes.

iii. In Case of imported technology:

a) The details of technology imported: Not Applicable

b) The year of import: Not Applicable

c) Whether the technology has been fully absorbed: Not Applicable

d) If not fully absorbed, areas where absorption has not taken place, and the reason thereof: Not Applicable

iv. The expenditure incurred on Research and Development: Not Applicable

C. Foreign exchange earnings and Outgo:

The details of foreign exchange earnings and foreign exchange expenditures are as below:

(Amount in Lakh)

S. No.	Particulars	FY 2021-22	FY 2020-21
1	Foreign exchange earnings	NIL	NIL
2	Foreign exchange expenditures	**815.39**	**NIL**

RISK MANAGEMENT

Pursuant to the provisions of Non-Banking Financial Company - Systemically Important Non Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, SEBI LODR and the Act, your Company has adopted a Risk Management policy which encompasses practices relating to identification, assessment, monitoring and mitigation of various risks to the business with its main objective to minimise negative impact on profitability and capital.

Your Company is exposed to various risks that are an inherent part of any financial service business which inter alia include the following:

a) **Credit Risk:** Credit Risk is defined as the "risk of failure of the counterparty in keeping up its commitments. It can be further described as, 'risk of default on a debt that may arise from a borrower failing to make required payments. In the first resort, the risk is that of the lender and includes lost principal and interest, disruption to cash flows, and increased collection costs'.

b) **Liquidity Risk:** The Company defines liquidity risk as the risk of incurring losses due to an inability to meet payment obligations in a timely manner when they become due. The Company categorises liquidity risk into funding liquidity risk, which occurs when payment obligations cannot be fulfilled, and market liquidity risk, which occurs when the Company is unable to sell or transform assets to generate liquidity/ cash without significant losses.

c) **Interest Rate Risk:** Interest Rate Risk has been defined as the risk where changes in market interest rates might adversely affect as the Company's financial condition. The immediate impact of changes in interest rates is on the Net Interest Income (NII). A long term impact of changing interest rates is on net worth as the economic value of assets, liabilities and off-balance sheet positions get affected due to variation in market interest rates. The interest rate risk when viewed from these two perspectives is known as 'earnings perspective' and 'economic value' perspective, respectively.

d) **Compliance Risk:** Compliance risk has been defined as "the risk of legal or regulatory sanctions, material financial loss, or loss to reputation a Company may suffer as a result of its failure to comply with laws, regulations, rules, related self-regulatory organization standards, and codes of conduct as applicable.

Your Company is committed towards creating an environment of increased risk awareness at all levels. It aims to constantly upgrade the security measures, including cyber security measures, to ensure avoidance and mitigation of various risks. Your Company has policies and procedures in place to measure, assess, monitor, and manage these risks systematically across all its portfolios.

The Board has formed a Risk Management Committee to identify the risks impacting the business, formulate strategies/ policies aimed at risk mitigation as part of risk management. The Risk Management Committee (RMC), functions in line with the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and SEBI LODR.

The details of the Risk Management Framework and issues related thereto have been explained in the "Management Discussion and Analysis Report", forming part of this Annual Report.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The Company's Corporate Social Responsibility ('CSR') initiatives are aligned with the mission of transforming rural lives and hence focus on areas such as Education & Livelihood, Healthcare, Animal Welfare and Environment.

During the year, the Company has, in consonance with the CSR policy of the Company, undertaken a number of initiatives that contribute to the society at large. The company has in place, a duly constituted CSR Committee for fulfilling the corporate social responsibility objectives of the Company. The details of the CSR activities undertaken by the Company for the Financial Year 2021-22, as prescribed under Companies (Corporate Social Responsibility Policy) Rules, 2014, forms part of this Annual Report as "Annual Report on CSR Activities".

The CSR Policy of the company was amended on 05th May, 2021 in accordance with the Companies (Corporate Social Responsibility) Amendment Rules, 2021 dated 22nd January, 2021 for discharging CSR obligations. The Corporate Social Responsibility Policy has been hosted on the website of the Company at http://www.skfin.in/disclosures.php.

RBI COMPLIANCE

The Company is in compliance with the applicable guidelines issued by the RBI, as amended from time to time.

SECRETARIAL STANDARDS

The Company has complied with the all applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

ANNUAL RETURN

Pursuant to the provisions of Section 134(3)(a) and Section 92(3) of the Act, read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the Annual Return of the Company is available on the website of the Company at http://www.skfin.in/disclosures.php

CORPORATE GOVERNANCE

The company recognizes its role as a corporate citizen and endeavors to adopt the best practices and the highest standards of Corporate Governance through transparency in business ethics, accountability to its customers, government and others. The Company's activities are carried out in accordance with good corporate practices and the Company is committed to adopt the best practices.

The Company has been identified as a High Value Debt Listed Entity ("HVDLE") pursuant to SEBI (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2021 dated 07th September, 2021. Accordingly, Regulation 16 to Regulation 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of Corporate Governance has become applicable to the Company with effect from 07th September, 2021 on a "comply or explain basis" until 31st March, 2023 and on a mandatory basis thereafter. The Company has been submitting the quarterly Corporate Governance Report to the stock exchange as required under Regulation 27(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 from the applicable period. Further, the company endeavours to achieve full compliance with SEBI (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2021 as applicable by 31st March, 2023.

A "Report on Corporate Governance" as per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached separately and forms an integral part of this Annual Report. The report contains the details as required to be provided on the composition and category of directors, number of meetings of the board, composition of the various committees, annual board evaluation, remuneration policy, criteria for board nomination and senior management appointment, whistle blower policy/vigil mechanism, disclosure of relationships between directors inter-se, general body meetings and other disclosures etc.

COMPLIANCE CERTIFICATE

As required in terms of Regulation 17(8) of the SEBI LODR, the Chief Financial Officer and the Managing Director have submitted a compliance certificate to the board as specified in Part B of Schedule II of the SEBI LODR regarding the Financial Statements and Internal Controls relating to financial reporting for the year ended on 31st March, 2022. The said Certificate forms part of this Annual Report and is attached as **Annexure-2**.

DISCLOSURES PURSUANT TO THE SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The company has in place a Policy for prevention of Sexual Harassment to provide the procedure for the redressal of complaints pertaining to sexual harassment, thereby providing a safe and healthy work environment, in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013 and rules made thereunder. All employees of the company are covered under this policy.

An Internal Complaints Committee (ICC) has been set up to redress complaints. The constitution of the said committee is in line with the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. The following is a summary of sexual harassment complaints received and disposed of during the year:

(a) Number of complaints pending at the beginning of the year- NIL

(b) Number of complaints received during the year- NIL

(c) Number of complaints disposed off during the year- NIL

(d) Number of cases pending at the end of the year- NIL

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND THE COMPANY'S OPERATIONS IN FUTURE

During the year, there were no significant and material orders passed by the Regulators or Courts or Tribunals that would impact the going concern status of the Company and its future operations.

OTHER DISCLOSURES

Other disclosures with respect to Board's Report as required under the Companies Act, 2013 read with the Rules notified thereunder and the SEBI LODR are either NIL or NOT APPLICABLE.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Act, the Board of Directors, to the best of their knowledge and belief, confirm that:

i. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

ii. the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

iii. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

iv. the Directors have prepared the annual accounts on a going concern basis;

v. the Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively;

vi. the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENT

Your Directors place on record their sincere appreciation for the assistance and guidance provided by the RBI, the Ministry of Corporate Affairs, the Securities and Exchange Board of India, government and other regulatory Authorities.

Your Directors also gratefully acknowledge all stakeholders of the Company viz. customers, members, dealers, vendors, banks and other business partners for the excellent support received from them during the year. Our employees are instrumental in helping the Company scale new heights, year after year. Their commitment and contribution is deeply acknowledged. Your Directors look forward to your continuing support.

For And On Behalf of the Board
For SK Finance Limited
(Formerly Known As Ess Kay Fincorp Limited)

Rajendra Kumar Setia
Managing Director
DIN: 00957374

Shalini Setia
Whole Time Director
DIN: 02817624

Jaipur
20th May, 2022
Regd. Address: G 1-2, New Market, Khasa Kothi,
Jaipur – 302001 (Rajasthan)
Website: www.skfin.in Email: info@skfin.in

Annexure-1

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
SK Finance Limited
(Erstwhile Ess Kay Fincorp Limited)
G 1-2, New Market, Khasa Kothi
Jaipur– 302001 (Rajasthan)

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **SK Finance Limited** (Erstwhile Ess Kay Fincorp Limited) (hereinafter called **"the Company"**). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2022 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2022 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 **(Not applicable to the Company during the Audit Period);**

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 **(Not applicable to the Company during the Audit Period);**

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (repealed w.e.f. 13th August, 2021) (Not applicable to the Company during the Audit Period);

(e) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 notified on 13th August, 2021 **(Not applicable to the Company during the Audit Period);**

(f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (repealed w.e.f. 9th August, 2021);

(g) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 notified on 9th August, 2021;

(h) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(i) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (repealed w.e.f. 10th June, 2021) (Not applicable to the Company during the Audit Period);

(j) Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 notified on 10th June, 2021 **(Not applicable to the Company during the Audit Period);**

(k) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 **(Not applicable to the Company during the Audit Period);** and

(l) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(vi) As confirmed, following other laws are specifically applicable to the Company for which the Management has confirmed that the Company has devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively:

(a) The Reserve Bank of India Act, 1934;

(b) Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016;

(c) Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016;

(d) Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016;

(e) Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016;

(f) Master Direction - Know Your Customer (KYC) Direction, 2016;

(g) Master Direction – Information Technology Framework for the NBFC Sector; and

(h) Miscellaneous Non-Banking Companies (Reserve Bank) Directions, 2016.

We have also examined compliance with the applicable clauses of the following:

i. Secretarial Standards issued by The Institute of Company Secretaries of India;

ii. The Listing Agreement entered into by the Company with BSE Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carries out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance. Further, independent directors were present at Board Meetings which were called at shorter notice to transact business which were considered urgent by the management in compliance of Section 173(3) of the Act. A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the company has:

(a) Duly passed the resolution under Section 180(1)(c) and Section 180(1)(a) of the Act, read with its applicable rules, as amended to authorize the Board of Directors to borrow money in excess of the aggregate of the paid-up share capital, free reserves and securities premium of the Company, but not exceeding a sum of ₹6,500 Crores (Rupees Six Thousand and Five Hundred Crores Only) and to the creation of mortgage and /or charge on assets of the Company to secure the aforesaid borrowing which was further enhanced to ₹7,500 Crores (Rupees Seven Thousand and Five Hundred Crores Only) with the approval of shareholders;

(b) Duly passed the resolution pursuant to Section 42 of the Act for approving issue of non-convertible debentures/bonds, in Indian/foreign currencies in the domestic and/or overseas markets for an amount up to ₹4,000 Crore (Rupees Four Thousand Crore only) on a private placement basis in one or more tranches and/or series and further increased the limit upto ₹5,000 Crores (Rupees Five Thousand Only) with the approval of shareholders;

(c) Issued and allotted 22,97,898 (Twenty Two Lakhs Ninety Seven Thousand Eight Hundred and Ninety Eight Only) equity shares aggregating to ₹3,37,00,05,290.88/- (Rupees Three Hundred Thirty Seven Crores Five Thousand Two Hundred Ninety and Eighty Eight Paise Only) on private placement basis;

(d) Issued and allotted 6,82,446 (Six Lakhs Eighty Two Thousand Four Hundred and Forty Six Only) equity shares aggregating to ₹1,50,00,02,659.08/- (Rupees One Hundred fifty Crores Two Thousand Six Hundred Fifty Nine and Eight Paise Only) on private placement basis;

(e) Altered the provisions of Articles of Association of the Company;

(f) Changed its Name from "ESS KAY FINCORP LIMITED" to "SK FINANCE LIMITED" and has received Certificate of Incorporation pursuant to change of name dated September 07, 2021 from CRC, Manesar and consequently altered the Memorandum of Association and Articles of Association of the Company;

(g) Increased the Authorized Share Capital:

a. from ₹5,75,00,000/- divided into 2,87,50,000 equity shares of ₹2/- each to ₹7,50,00,000/- divided into 3,75,00,000 equity shares of ₹2/- each in Annual General Meeting of the Company held on August 18, 2021;

b. from ₹7,50,00,000/- divided into 3,75,00,000 equity shares of ₹2/- each to ₹30,00,00,000/- divided into 15,00,00,000 equity shares of ₹2/- each in Extra- Ordinary General Meeting held on September 22, 2021;

(h) Allotted 13,875 (Three Thousand Five Hundred Only) equity shares upon exercise of options by its eligible employees under its Employee Stock Option Scheme/ Plan 2018;

(i) Approved the utilization of Securities Premium Account in writing off the expenses upto an amount not exceeding ₹15,00,00,000/- (Rupees Fifteen Crores Only);

(j) Issued and allotted 1850 (One Thousand Eight Hundred and Fifty Only) Non-Convertible Debentures aggregating to ₹185,00,00,000/- (Rupees One Hundred Eight Five Crores Only) on private placement basis in multiple tranches;

(k) Raised fund through External Commercial Borrowings amounting to USD 15 Million equivalent to ₹1,11,54,27,000/- (Rupees One Hundred Eleven Crores Fifty Four Lakhs Twenty Seven Thousand only) in one or more tranches;

(l) Approved the alteration in amended and restated Employee Stock Option Plan, 2018 of the Company; and

(m) Application under Section 441 of the Companies Act, 2013 for compounding of offence under Section 297 of the Companies Act, 1956 has been compounded by the Hon'ble Regional Director North-Western Region, Ahmedabad on deposit of requisite amount of compounding fees.

Place: Jaipur
Date: May 20, 2022
UDIN: F003355D000351626

For V. M. & Associates
Company Secretaries
(ICSI Unique Code P1984RJ039200)
PR 581 / 2019

CS Manoj Maheshwari
Partner
Membership No.: FCS 3355
C P No.: 1971

Note: This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

ANNEXURE-A

To,
The Members,
SK Finance Limited
(Erstwhile Ess Kay Fincorp Limited)
G 1-2, New Market, Khasa Kothi
Jaipur– 302001 (Rajasthan)

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: Jaipur
Date: May 20, 2022
UDIN: F003355D000351626

For V. M. & Associates
Company Secretaries
(ICSI Unique Code P1984RJ039200)
PR 581 / 2019

CS Manoj Maheshwari
Partner
Membership No.: FCS 3355
C P No.: 1971

Annual Report on Corporate Social Responsibility (CSR) Activities

[Pursuant to Section 135 of the Companies Act, 2013 ("Act") and Annexure II of the Companies (Corporate Social Responsibility Policy) Rules, 2014]

1. Brief outline on CSR Policy of the Company

Your Company continues to focus its Corporate Social Responsibility (CSR) initiatives to drive positive and sustainable change in building resilient communities. Your Company continues to invest in addressing the most pressing needs of the community. The Company invests in basic health and wellness, sanitation and hygiene, education and vocational skill development to support the basic needs of communities and to ensure that the company is focused in creating a long-term impact for the beneficiaries.

Your Company has identified CSR thrust areas for undertaking CSR projects/programs in India. Your Company along with the company's trust i.e. "ESS KAY FOUNDATION" undertakes CSR within the broad framework of Schedule VII of the Companies Act, 2013 and CSR policy of the company. In addition to this, your company also partners with other NGOs for implementing its CSR initiatives. Your Company gives preference to the areas around which the Company operates.

Your company has, with the support and guidance of its partnered institutions undertaken various activities in the following sectors:

- **Education:** Your Company endeavors to spark the desire for learning and enlightening minds. Your company has, through its association with "Adarsh Shiksha Samiti", undertaken to fulfil this objective by way of providing quality education or by extending financial assistance to the poor and needy students, undertaking to impart vocational training, adult education programs, girl education, other related infrastructure etc.
- **Health Care:** Our goal is to render quality health care facilities which we provide by way of undertaking preventive healthcare programs including but not limited to setting various camps and related infrastructure services, providing sanitation and making available safe drinking water, etc. Your company has acutely focused on treatment of cancer patients by way of extending its support to hospitals and relief societies in and around Jaipur.
- **Hunger and Poverty:** Your Company empathizes with the vulnerable strata of the society and wish to provide them with nutrition, clothing, water and food.
- Animal welfare: Your Company strives to care for the stray, abandoned Indian cows, bulls, oxen and orphaned calves by providing them with food and fodder, proper shelter and also looking after their healthcare. Your company, through its long term association with Gaushalas situated around Jaipur, has been instrumental in achieving the said objective.
- Road Safety: Your Company is committed on spreading awareness on traffic guidelines with the aim of reducing the risk of road traffic injuries. We have undertaken activities for customer awareness during the year under review.
- Environment Sustainability: Your Company understands that the global need of the hour is to conserve natural resources and protect ecosystems to support health and well-being, now and in the future. We intend to bring about this in the form of art and culture adding to the beautification of the city along with propagating the message of saving the environment.

2. Composition of CSR Committee:

The Board of Directors has constituted a CSR Committee in accordance with the requirements of Section 135(1) of the Companies Act, 2013. The composition of the committee as on 31st March, 2022 was as under:-

S. No.	Name of the Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Rajendra Kumar Setia	Managing Director & Chairman of Committee	3	3
2	Mr. Amar Lal Daultani	Independent Director; Member of the Committee	3	3
3	Mr. Anand Raghavan	Independent Director; Member of the Committee	3	3
4	Mr. Akshay Tanna	Nominee Director; Member of the Committee	3	2

3. Provide the web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

- Composition of CSR Committee: https://www.skfin.in/Composition%20of%20Committees%20of%20Directors.php
- CSR Policy of the company: https://www.skfin.in/policies.php
- Projects/ programs approved by Board: https://www.skfin.in/corporate-social.php

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).

Not applicable on the company.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year:

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year (in ₹)
1	2019-20	69,928	Nil
2	2020-21	50,000	Nil

6. Average net profit of the company as per section 135(5): ₹94,57,48,074

7.
(a) Two percent of average net profit of the company as per section 135(5): ₹1,89,14,961
(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: NA
(c) Amount required to be set off for the financial year, if any: Nil
(d) Total CSR obligation for the financial year (7a+7b-7c): ₹1,89,14,961

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
17,10,687	1,72,10,000	12-04-2022	NA	NA	NA

(b) Details of CSR amount spent against ongoing projects for the financial year:

1	2	3	4	5	6	7		8	9	10	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project	Project duration	Amount allocated for the project (in ₹).	Amount Spent in the current financial Year (in H)	Amount transferred to Unspent CSR Account for the project as per section 135(6) (in ₹)	Mode of Implementation - Direct (Yes/ No).	Mode of implementation - Through implementing agency	
				State/ District						Name	CSR registration number
1	SK Skills Academy	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	Yes	Rajasthan, Jaipur	Within 3 years from the end of FY 2021-22	1,56,20,000	1,60,000	1,54,60,000	No	Ess Kay Foundation	CSR00004367

1	2	3	4	5	6	7		8	9	10	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project	Project duration	Amount allocated for the project (in ₹).	Amount Spent in the current financial Year (in H)	Amount transferred to Unspent CSR Account for the project as per section 135(6) (in ₹)	Mode of Implementation - Direct (Yes/ No).	Mode of implementation - Through implementing agency	
				State/ District						Name	CSR registration number
2	Construction of Primary School	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	Yes	Rajasthan, Tonk District	Within 3 years from the end of FY 2021-22	20,00,000	2,50,000	17,50,000	No	Ess Kay Foundation	CSR00004367
			Total			1,76,20,000	4,10,000	1,72,10,000			

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project	Amount spent for the project (in ₹)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State/ District			Name	CSR registration number
1.	Animal Welfare	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.	Yes	Rajasthan, Jaipur	4,00,000	Yes	NA	NA
2.	Promoting Primary & Secondary Education	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	Yes	Rajasthan, Jaipur	1,50,487	Yes	NA	NA
3.	Healthcare	Eradicating hunger, poverty and malnutrition, "promoting health care including preventive health care" and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.	Yes	Rajasthan, Jaipur	1,13,500	Yes	NA	NA
4.	Road Safety Awareness	Eradicating hunger, poverty and malnutrition, "promoting health care including preventive health care" and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.	Yes	Rajasthan, Jaipur	6,36,700	Yes	NA	NA
	Total				**13,00,687**			

(d) Amount spent in Administrative Overheads: Nil

(e) Amount spent on Impact Assessment: Not Applicable

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹17,10,687

(g) Excess amount for set off, if any:

Sl. No.	Particulars	Amount (in ₹)
1.	Two percent of average net profit of the company as per section 135(5)	1,89,14,961
2.	Total amount spent for the Financial Year	17,10,687
3.	Excess amount spent for the financial year	-
4.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
5.	Amount available for set off in succeeding financial years	-

9. (a) Details of CSR spent for the preceding three financial years:

S. No.	Preceding Financial Years	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.		Amount remaining to be spent in succeeding financial years. (in ₹)	Date of transfer.
				Name of the Fund		Amount (in ₹)	
1	2020-21						
2	2019-20			NOT APPLICABLE			
3	2018-19						

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (in ₹).	Amount spent on the project in the reporting Financial Year (in ₹).	Cumulative amount spent at the end of reporting Financial Year. (in ₹)	Status of the project Completed / Ongoing.
NOT APPLICABLE								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year- (asset-wise details):

a) Date of creation or acquisition of the capital asset(s)- Nil

b) Amount of CSR spent for creation or acquisition of capital asset- Not Applicable

c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.- Not Applicable

d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset)- Not Applicable

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5):

In Financial Year 2021-22, the Company was required to spend ₹1.89 Crores. It has spent ₹17.10 Lakhs and the remaining ₹1.72 Crores being related to ongoing projects has been transferred to unspent CSR account for spending within the stipulated timelines.

For And On Behalf of The Board of Directors
For SK Finance Limited
(Formerly Known As Ess Kay Fincorp Limited)

Rajendra Kumar Setia
Chairman- CSR Committee & Managing Director
DIN: 00957374

Shalini Setia
Whole Time Director
DIN: 02817624

Jaipur
20th May, 2022
Regd. Address: G 1-2, New Market, Khasa Kothi,
Jaipur – 302001 (Rajasthan)
Website: www.skfin.in Email: info@skfin.in

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON THE CODE OF GOVERNANCE

SK Finance Limited (Formerly known as Ess Kay Fincorp Limited) (the "company") pursues its long-term corporate goals on the bedrock of financial discipline, high ethical standards, transparency and trust. The governance practices and processes ensure that the interest of all stakeholders are taken into account in a transparent manner and are firmly embedded into the culture of the organization. The Company has a dynamic, experienced and well-informed Board. The Board along with its Committees and the Corporate Governance mechanism in place, undertakes its fiduciary duties towards all its stakeholders. The Company efforts are aimed at maximizing the value for the stakeholders while carrying out its operations in well governed manner. The company's corporate governance is further strengthened by adoption of various codes and policies to carry out its functions in an ethical manner. The said codes and policies are regularly updated on the Company's website at https://www.skfin.in/annual-report.php.

The Company has aligned its corporate governance practices in a manner so as to achieve compliance as envisaged in the Companies Act, 2013 (hereinafter referred to as 'the Act'), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'SEBI LODR'), Reserve Bank of India (hereinafter referred to as 'RBI') guidelines and Corporate Governance and Disclosure Norms for Non-Banking Financial Companies issued by the Reserve Bank of India vide Chapter XI of Non-Banking Financial Company- Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (hereinafter referred to as 'RBI Master Direction').

Also, the Company was categorized as High Value Debt Listed Entity in accordance with SEBI (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2021 w.e.f. 07th September, 2021 based on which Regulation 17 to 27 are applicable on the Company on comply or explain basis till 31st March, 2023. Therefore, the company is making compliance of all such corporate governance conditions on best possible basis and endeavours to achieve full compliance with SEBI (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2021 as applicable on High value Debt Listed Entities by March 31, 2023.

2. BOARD OF DIRECTORS ('BOARD')

The Board of Directors of the company consists of eminent professionals from varied disciplines. The Board provides strategic guidance on the affairs of the company. The Board meets regularly to discuss, review and decide upon matters such as policy formulation, setting up of goals, appraisal of performances, overall governance and various other aspects of business.

Composition of the Board

The Company has an optimal mix of Executive and Non-Executive Directors including Women Directors on its Board, to ensure high quality of governance and effective functioning of the board and is in conformity with provisions of the Act and rules made thereunder, SEBI LODR and RBI Master Directions. As on 31st March, 2022, there are 6 Directors on the Board, with 2 Executive Directors and 4 Non-Executive Directors which includes 2 Nominee Directors and 2 Independent Directors. All the Directors possesses requisite qualifications and experience in general corporate management, risk management, banking, finance, economics, marketing, digitization, analytics and other allied fields which enable them to contribute effectively to your Company by providing valuable guidance and expert advice to the Management and enhance the quality of Board's decision making process. The brief profiles of the directors can be accessed at https://www.skfin.in/board-of-directors.php.

Pursuant to the provisions of the Section 165 of the Act, none of the Directors hold directorships in more than 20 Companies or a maximum number of 10 public companies. Further, as mandated by Regulation 17A of the SEBI LODR, none of the Directors are director in more than 7 listed entities and serves as an Independent Director in more than 7 listed companies, or serves as an Independent Director in 3 listed companies in case he/she serves as a Wholetime Director/Managing Director in any listed company. Further, as stipulated in Regulation 26 of the Listing Regulations, none of the Directors is a Member of more than 10 Committees and no such Director is a Chairman/Chairperson of more than 5 Committees, across all public limited companies in which he/she is a Director.

All the Independent Directors have confirmed their independence in accordance with Section 149 of the Act and requirements as set out under Regulation 16 of the SEBI LODR. Based on the declarations received from the Independent Directors, the Board of Directors have confirmed that they meet the criteria of independence and that they are independent of the management of the company.

There is no relationship between the Directors inter-se except Ms. Shalini Setia, being spouse of Mr. Rajendra Kumar Setia. The following table lays down the composition and category of the Board including their DIN, other directorships including names of listed entities where they serve as directors, Committee positions held by them in other companies and their shareholding as on 31st March, 2022 in the company.

Name of Directors	Number of shares held in the Company	No. of Directorships in other companies	Memberships in Committee	Chairmanships in Committee	Category of Directorship and names of the listed entities where person is a director
Mr. Rajendra Kumar Setia (DIN: 00957374) Managing Director	1,12,57,463	NIL	NIL	NIL	NIL
Ms. Shalini Setia (DIN: 02817624) Whole-Time Director	650	NIL	NIL	NIL	NIL
Non-Executive Directors					
Mr. Amar Lal Daultani (DIN: 05228156) Independent Director	NIL	2	1	NIL	NIL
Mr. Anand Raghavan (DIN: 00243485) Independent Director	NIL	3	NIL	2	Non-Executive Director in Five-Star Business Finance Limited
Ms. Debanshi Basu (DIN:07135074) Nominee Director representing Baring Private Equity India AIF (Equity Investor)	NIL	2	NIL	NIL	NIL
Mr. Akshay Tanna (DIN: 02967021) Nominee Director representing TPG Growth IV SF PTE. Ltd (Equity Investor)	NILc	7	1	NIL	Nominee Director in Dodla Dairy Limited

Notes:
1. In the above table, the total number of Directorships of a Director excludes his/her Directorships in the Company, Section 8 Companies and Foreign Companies.
2. Audit Committee and Stakeholders Relationship Committee have been considered for chairmanship/ membership of directors.
3. Mr. Rajendra Kumar Setia holds 1,12,57,463 equity shares as on 31st March, 2022 out of which 10,17,447 are partly paid equity shares.
4. Mr. Rajendra Kumar Setia was re-appointed as the Managing Director of the company for a further term of 5 years with effect from 19th May 2022 by the members of the company in their Meeting held on 11th March, 2022.
5. Ms. Shalini Setia was re-appointed as the Wholetime Director of the company for a further term of 5 years with effect from 19th May 2022 by the members of the company in their Meeting held on 11th March, 2022.

Board Meetings

Being the apex body constituted by shareholders for overseeing the functioning of the Company, the Board evaluates all the strategic decisions on a collective consensus basis amongst the Directors. The Board Meetings are pre-scheduled and tentative annual calendar for the meetings of the Board is finalized early in consultation with all Board members. However, in case of urgent business requirements, approval of the Board is taken either on shorter notice or by passing resolution(s) through circulation, as permitted by law. The Company Secretary prepares and sends the detailed Agenda setting out the business to be transacted at the Meeting(s), supported by detailed Notes and Presentations to each Director at least seven days before or on shorter notice prior to the date of the Board Meeting(s).The Company ensures that timely and relevant information are made available to all the directors in order to facilitate their effective participation and contribution during the meetings.

During the year the Board met 14 times on 07th April, 2021, 29th April, 2021, 05th May, 2021, 06th May, 2021, 12th May, 2021, 14th July, 2021, 12th August, 2021, 18th August, 2021, 29th October, 2021, 13th December, 2021, 23rd December, 2021, 28th December, 2021, 09th February , 2022 and 14th March, 2022. In view of COVID-19 pandemic and to adhere to the lockdown and social distancing norms, the meetings were held through hybrid mode in line with the relaxations granted by MCA and SEBI. The necessary quorum was present for all the meetings. The maximum interval between any two consecutive meetings was not more than 120 days.

The Board, inter alia, periodically reviews strategy and business plans, annual operating and capital expenditure budget(s), actions taken on the Board recommendations/ suggestions, compliance report of all laws applicable to the Company, as well as steps taken by your Company to rectify instances of non-compliances, if any, recruitment and remuneration of directors and key managerial personnel, approval of quarterly/half-yearly/annual results, transactions with related parties, and effectiveness of the internal controls and audit procedures.Board members are kept informed about any material development/business update through various modes viz. e-mails, concall etc. from time to time.

The status of attendance of each Director at Board Meetings and the last Annual General Meeting (AGM) held on 18th August, 2021 is given below:

Name of Director	Attendance	
	Board Meeting	Last AGM
Mr. Rajendra Kumar Setia	13	Yes
Ms. Shalini Setia	3	No
Mr. Amar Lal Daultani	14	Yes
Mr. Anand Raghavan	14	Yes
Ms. Debanshi Basu	14	No
Mr. Akshay Tanna	12	Yes

Matrix Highlighting Skills/Expertise/Competence of the Board of Directors

The Board comprises of highly qualified members who possess required skills, expertise and competence that allow them to effectively contribute to the Board and its Committees. The following skills/ expertise/ competencies have been identified that are fundamental to the effective functioning of the company and are available with the Board of the company as given below:

S. No.	Skills	Particulars
1.	Business Experience	• Established leadership skills in strategic planning, succession planning, driving change and long-term growth and guiding the Company towards its vision, mission and values. • Critically analysing complex and detailed information and developing innovative solutions and striking a balance between agility and consistency. • Expertise in the field of Banking and Financial Services.
2.	Financial Experience and Risk Oversight	• Established leadership skills in strategic planning, succession planning, driving change and long-term growth and guiding the Company towards its vision, mission and values. • Critically analysing complex and detailed information and developing innovative solutions and striking a balance between agility and consistency. • Expertise in the field of Banking and Financial Services.
3.	Technology and Innovation	• An appreciation of emerging trends in Banking and Financial services across the globe. • Expertise in digital and robotic innovation in the field of Finance and Investments. • Ability to visualise future trends and devise strategies for adoption.
4.	Governance and Regulatory Oversight	• Devise systems for compliance with a variety of regulatory requirements. • Reviewing compliance and governance practices for a long term sustainable growth of the Company and protecting stakeholders' interest.
5.	Consumer Insights and Marketing Exposure	• Ability in developing strategies to increase market share through innovation, build better brand experience for customers, improve prospective customer engagement levels and help establish active customers become loyal brand followers.

S. No.	Core Skills/ Expertise/ Competencies	Mr. Rajendra Kumar Setia	Ms. Shalini Setia	Mr. Anand Raghavan	Mr. Amar Lal Daultani	Ms. Debanshi Basu	Mr. Akshay Tanna
1.	Financial Experience and Risk Oversight	✓		✓	✓	✓	✓
2.	Technology and Innovation	✓	✓		✓	✓	✓
3.	Governance and Regulatory Oversight	✓	✓	✓	✓	✓	✓
4.	Consumer Insights and Marketing Exposure	✓			✓	✓	✓

Meeting of Independent Directors

As per the requirement of Schedule IV of the Act, all the Independent Directors met on 09th February, 2022 without the presence of other Non-Independent Directors. At this meeting, the Independent Directors inter alia evaluated the performance of the other Non-Independent Directors & the Board as a whole and the performance of the Chairperson (i.e. Managing Director who is the generally elected Chairperson of the Company) and discussed aspects relating to the quality, quantity and timeliness of flow of information between the Company management & the Board. The evaluation was carried on broad parameters such as Board Composition & quality, Board meetings and procedures, Knowledge and Skills, Strategy formulation and execution, Personal Attributes and such other relevant factors.The independent directors expressed their satisfaction towards the performance of the Board and the non- independent directors of the Company.

Familiarisation Programme

Pursuant to Regulation 25(7) of the Listing Regulations, the Company has put in place a system to familiarize its Independent Directors about the Company, its financial products, the industry and business model of the Company. Henceforth, the independent directors will be updated from time to time on continuous basis on the significant changes in the regulations, duties and responsibilities of Independent Directors under the Companies Act 2013, SEBI regulations including prohibition of insider trading regulations, RBI directions and packages to mitigate impact of COVID-19 on small borrowers, business continuity plan etc. Pursuant to Regulation 62 of SEBI LODR the Familiarization Programme is uploaded on the Company's website at the web link: https://www.skfin.in.

Performance Evaluation

Pursuant to the provisions of the Act and SEBI LODR; the Company has adopted the Nomination and Remuneration Policy with the comprehensive procedure on performance evaluation. A structured questionnaire covering various aspects of evaluation of performance of the Board, its Committees and individual Directors (including independent directors) is put forth for completion of the evaluation process. The Nomination and Remuneration Committee has carried out evaluation of every director's performance and reviewed the self-evaluation submitted by the respective directors. Also, the Board has carried out evaluation of every director's performance, Board and its Committees. Further the Independent directors, in a separate meeting, evaluated the performance of Non-Independent Directors & the Board as a whole and the performance of the Chairperson (i.e. Managing Director who is the generally elected Chairperson of the Company).

The criteria for performance evaluation of Independent Directors provide certain parameters like:

- Participation at the Board / Committee meetings;
- Managing Relationship
- Commitment (including guidance provided to senior management outside of Board/ Committee meetings);
- Effective deployment of knowledge and expertise;
- Personal Attributes

Remuneration of Directors

a) Executive Directors: Remuneration payable to the Executive Directors is in line with the Act, SEBI LODR and Nomination and Remuneration Policy of the company. The elements of the remuneration packages include salary, perquisites, allowances, superannuation including gratuity and provident fund (fixed component) and commission (variable component). The annual increment of the Managing Director and Whole time Director is decided by the Nomination and Remuneration Committee based on their performance evaluation, which is subsequently approved by the Board of Directors as per the authority given and within the limits as approved by the shareholders at the General Meeting. The details of the remuneration paid to the Directors for the Financial Year ended 31st March 2022 is as follows:

(Amount in Lakhs)

S. No.	Name	Gross Salary	Commission	Stock Option/ Sweat Equity	Others	Total Amount
1.	Rajendra Kumar Setia	295.73	-	-	-	295.73
2.	Shalini Setia	11.93	-	-	-	11.93

b) **Non-Executive Directors:** The Company is being benefited from the expertise, advice and inputs provided by the Non-Executive Directors. Remuneration to the Non-Executive Directors is paid by the way of Sitting Fees for attending the meetings of the Board and its Committees. The details of Fees paid to the Non-Executive directors is mentioned below:

(Amount in Lakhs)

S. No.	Name	Gross Salary
1.	Mr. Anand Raghavan	₹17.06
2.	Mr. Amar Lal Daultani	₹17.06
3.	Ms. Debanshi Basu	Nil
4.	Mr. Akshay Tanna	Nil

NOTES:
1. Service Contract for Executive Directors is for 5 years from their respective dates of appointments can be terminated by either party by giving three month's notice in writing. There is no provision for payment of severance fees.
2. No Stock Options have been granted to the Executive and Non-Executive Directors.

This sum is reviewed periodically taking into consideration the performance of the company, the overall responsibility cast on the directors and other relevant factors.

During the year, none of the non-executive directors had any other pecuniary relationship/ transaction with the company except that Ms. Debanshi Basu, who is a director in Infrasoft Technologies Limited, that provides services related to Information Technology.

The details of the remuneration paid to the Directors during the Financial Year ended 31st March, 2022 and details of allowances/perquisites are provided in the Annual Return placed on the website of the company at the web link https://www.skfin.in/annual-report.php.

3. COMMITTEES OF THE BOARD

In order to facilitate the day-to-day operations, the Board has constituted various committees and delegated necessary powers to the Committees. The Committees constituted by the Board focus on specific areas and take informed decisions along with the specific recommendations to the Board within the framework designed by the Board. As on 31st March 2022, the company has 7 (Seven) Committees of the Board:-

1. Audit Committee;
2. Nomination and Remuneration Committee;
3. Risk Management Committee;
4. Corporate Social Responsibility Committee;
5. IT Strategy Committee;
6. Executive Committee.
7. Asset Liability Management Committee*

The terms of reference or charter of the aforesaid Committees are decided by the Board in line with the applicable laws. Minutes of the Committee meetings are placed before the Board or respective Committee for noting. All recommendations made by the committees were accepted by the Board of Directors during the year. The Committee meetings were held through hybrid mode. The role and composition including the number of meetings and attendance are detailed below.

*"Asset-Liability Management Committee", Board delegated committee was reclassified as "Asset Liability Management Committee", a sub-committee of the Management of the company in the meeting of the Board of Directors held on 09th February, 2022.

BOARD COMMITTEES

AUDIT COMMITTEE

The Audit Committee of the Board has been constituted as per the requirements set out in Section 177 of the Act, Regulation 18 of SEBI LODR and RBI Master Directions

DATES OF THE MEETING	COMPOSITION
05th May, 2021 14th July, 2021 12th August, 2021 29th October, 2021 09th February, 2022	Mr. Anand Raghavan, (Chairperson & Independent Director) Mr. Amar Lal Daultani, (Member & Independent Director) Ms. Debanshi Basu, (Member & Nominee Director)

Besides the members of the committee, meetings of the Audit Committee are attended by the Chief Financial Officer, Investor Observers, Auditors of the company (wherever required) and other invitees. The Company Secretary acts as a secretary to the Committee.

The necessary quorum was present for all the meetings and Chairperson was present in Annual General Meeting to answer the queries to the shareholders.

Terms of reference

The terms of reference of the Audit Committee inter-alia includes the following:

- Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- Review and monitor the auditor's qualification, independence and performance, and effectiveness of audit process;
- Review the functioning of the whistle blower mechanism;
- Review of financial statements/financial results before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the company.
- To ensure that an Information System Audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced by the Company.
- Examination/Reviewing with the management, the annual financial statements and the auditors'

report/limited review report thereon with particular reference to;

a. matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;

b. changes, if any, in accounting policies and practices and reasons for the same;

c. major accounting entries involving estimates based on the exercise of judgment by management;

d. significant adjustments made in the financial statements arising out of audit findings;

e. compliance with listing and other legal requirements relating to financial statements;

f. disclosure of any related party transactions;

g. modified opinion(s) in the draft audit report;

- Scrutinize inter corporate loans and investments;
- Valuation of undertakings or assets of the company, wherever it is necessary;
- Review Management discussion and analysis of financial condition and results of operations;
- Recommend the appointment including terms of appointment and removal of statutory, internal and secretarial auditors, fixation of audit fees and also to approve payment for other services.
- Discuss with the Auditors, before the audit commences, the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- Discuss with auditors regarding any significant findings and follow-up thereon within given timelines and status on closure of audit reports;

Internal Controls

- Monitor the end use of funds raised through public offers and related matters;
- To put in place and oversee the Internal Audit Function of the Company;
- To put in place a robust system of Internal audit of all outsourced activities;
- To approve Risk Based Internal Audit ("RBIA") plan to determine the priorities of the internal audit function based on the level and direction of risk, as consistent with the entity's goals and review it on annual basis;
- Review the performance of RBIA;
- Review with the management, Statutory and internal auditors, the scope of internal audit, adequacy of internal control systems and ensure adherence thereto and any other related issues;
- Review Management letters / letters of internal control weaknesses issued by statutory / internal auditors;
- Review the appointment, removal and terms of remuneration of the chief internal auditor of the Company.
- Review management's report on internal control and Statutory auditor's attestation/observations on management's assertion;
- Evaluation of Internal Financial Controls;
- Formulate and maintain a quality assurance and improvement program that covers all aspects of the internal audit function which shall include assessment of the internal audit function at least once in a year for adherence to the internal audit policy, objectives and expected outcomes;
- Promote the use of new audit tools/ new technologies for reducing the extent of manual monitoring / transaction testing / compliance monitoring, etc.;
- Appoint Internal Audit Head ("HIA") for a fixed tenure, as deemed fit;
- To meet the HIA on the quarterly basis without the presence of the senior management, including the MD & CEO.

Risk Management:

- Evaluation of Risk Management System.
- Discuss with the management, the Company's policies with respect to risk assessment and risk management, including appropriate guidelines to govern the process, as well as the Company's major financial risk exposures including policy for foreign exchange and derivative transactions and the steps management has undertaken to control them.
- Review and approve the risk assessment of business and other functions on an annual basis.

Related party transactions:

- Review and approve the statement of all related party transactions submitted by the management, including the material related party transactions;
- Approval of any subsequent modification of transactions of the company with related parties;

- The committee may grant omnibus approval for related party transactions proposed to be entered into by the Company and shall specify the criteria for making the omnibus approval;

RBI Compliances:

- Review the periodic compliances of RBI such as fraud monitoring, filing quarterly, half-yearly and other returns, as specified in the master directions, circulars or notifications as may be amended from time to time;
- Review the consolidated position of major risks faced by the organization at least annually;
- The Committee shall ensure that all the necessary steps are being taken by the company to comply with the various master directions, notices and circulars issued by RBI from time to time;
- Review audit notes for compliance with KYC norms on quarterly basis;
- Review periodically ageing analysis of entries pending reconciliation with outsourced vendors.
- Approve the classification of the Accounts as per the Master Directions.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of the Board has been constituted as per the requirements set out in Section 178 of the Act, Regulation 19 of the SEBI LODR and RBI Master Directions.

DATES OF THE MEETING	COMPOSITION
05th May, 2021 12th August, 2021 09th February, 2022	Mr. Anand Raghavan (Chairperson & Independent Director) Mr. Amar Lal Daultani (Member & Independent Director) Ms. Debanshi Basu (Member & Nominee Director)

Besides the members of the committee, meetings of the Nomination and Remuneration Committee are attended by the Chief Financial Officer, Investor Observers, Auditors of the company (wherever required) and other invitees. The Company Secretary acts as a secretary to the Committee.

The necessary quorum was present for all the meetings.

Terms of reference

The terms of reference of the Nomination and Remuneration Committee inter-alia includes the following:

Nomination:

a) Formulate the criteria for determining qualifications, positive attributes and independence of a director;

b) Identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria,

c) Recommend to the Board of directors the appointment and removal of Directors and Senior Management;

d) Undertake the process of Due Diligence to determine the suitability of the person for appointment / continuing to hold appointment as a director on the Board and to assess the "fit and proper" criteria of the existing and proposed directors;

e) Devise a policy on Board Diversity and Succession Planning;

f) Recommend to Board as to whether to extend or continue the term of appointment of the independent director;

g) Prepare a description of the role and capabilities required for the appointment of an independent director and identify suitable candidates based on the description.

Remuneration & Compensation Plans:

a) Recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;

b) Recommendto the board, all remuneration, in whatever form, payable to senior management;

c) Formulate the criteria for making payments to Non-executive Directors;

d) Administer, review and supervise the implementation of the Stock option schemes approved by the company;

e) Recommend changes in the company's compensation plans, in consultation with management and allot shareswhen options are exercised by eligible employees.

Performance Evaluation:

a) Specify the criteria for evaluation of performance of the Board, its committees and individual directors including Independent Directors;

b) Review the implementation and compliance of the performance evaluation

Others:

a) Oversee the familiarization programmes of the Independent Directors;

b) Scrutinize the declarations submitted by the existing / proposed directors;

RISK MANAGEMENT COMMITTEE

The company has constituted Risk Management committee in accordance with RBI Guidelines on Risk Management System and Regulation 21 of SEBI LODR.

DATES OF THE MEETING	COMPOSITION
04th May, 2021	Mr. Rajendra Kumar Setia (Chairperson & Managing Director)
12th August, 2021	Mr. Amar Lal Daultani (Member & Independent Director)
28th October, 2021	Mr. Anand Raghavan (Member & Independent Director)
09th February, 2022	Ms. Debanshi Basu (Member & Nominee Director)
	Mr. Akshay Tanna (Member & Nominee Director)
	Mr. Rohit Srivastava* (Member & Chief Risk Officer)

*Mr. Rohit Srivastava was appointed as Chief Risk Officer of the Company in the Board Meeting held on 09th February, 2022. Accordingly the constitution of the Committee was changed on 09th February, 2022.

Besides the members of the committee, meetings of the Risk Management Committee are attended by the Chief Financial Officer, Investor Observers, Auditors of the company (wherever required) and other invitees. The Company Secretary acts as a secretary to the Committee.

The necessary quorum was present for all the meetings and Chairperson was present in Annual General Meeting to answer the queries to the shareholders.

Terms of reference

The terms of reference of the Risk Management Committee inter-alia includes the following:

- Monitor and review the risk management plan;
- Monitor and review Cyber Security;
- Formulate a detailed risk management policy which shall include a framework for identification of internal and external risks including financial, operational, Sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk, measures for risk mitigation, processes for internal controls of identified risks and Business Continuity Plan;
- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- Monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- To periodically review the risk management policy and progress made by the company in implementing the risk management system;
- Examine and determine the sufficiency of the Company's internal processes for reporting on and managing key risk areas;
- Assess and recommend to the Board acceptable levels of risk;
- Evaluate the overall risks faced by the company including liquidity risk;
- Monitor the working and functioning of the Asset Liability Management Committee;
- Recommend the appointment, removal and terms of remuneration of the Chief Risk Officer;
- Formulate policy for safeguarding the independence of the Chief Risk Officer;
- Formulate and implement a comprehensive Outsourcing policy
- Approve a framework for evaluating the risks and materiality of all existing and prospective outsourcing and the policies that apply to such arrangements;

- To lay down appropriate approval authorities for outsourcing depending on risks and materiality;
- To set up suitable administrative framework of senior management for the purpose of implementing robust risk management practices with respect to Outsourcing;
- To undertake regular review of outsourcing strategies and arrangements for their continued relevance, safety and soundness;
- To decide on business activities of a material nature to be outsourced and to approve such arrangements;
- Periodically review the central record of material outsourcing;
- To establish adequate management structure to monitor and control the outsourcing activities

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The Board has constituted a CSR Committee in accordance with Section 135 of the Act and Companies (Corporate Social Responsibility Policy) Rules 2014. The detailed report on CSR activities is attached as "Annual Report on CSR" to this Annual Report.

DATES OF THE MEETING	COMPOSITION
05th May, 2021 28th October, 2021 14th March, 2022	Mr. Rajendra Kumar Setia (Chairperson &Managing Director) Mr. Amar Lal Daultani (Member & Independent Director) Mr. Anand Raghavan (Member & Independent Director)

Besides the members of the committee, meetings of the CSR Committee are attended by the Chief Financial Officer, Investor Observers, Auditors of the company (wherever required) and other invitees. The Company Secretary acts as a secretary to the Committee.

The necessary quorum was present for all the meetings and Chairperson was present in Annual General Meeting to answer the queries to the shareholders.

Terms of reference

The terms of reference of the CSR Committee inter-alia includes the following:

- Formulate and recommend to the Board of Directors of the Company, a CSR Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;
- Implementing and monitoring the CSR policy from time to time;
- Reviewing and making recommendations, as appropriate, with regard to the Company's CSR policy indicating the activities to be undertaken by the Company as specified under Schedule VII of the Companies Act, 2013;
- Reviewing the various proposals of CSR programs / projects and if thought fit, approving them, provided that the same is within the framework of CSR Policy;
- Reviewing the annual budget for the Company's CSR activities to confirm that sufficient funding is provided;
- Recommending the amount of expenditure to be incurred on the identified CSR activities;
- Formulate and recommend to the Board, an annual action plan consisting of list of approved projects or programs to be undertaken within the purview of Schedule VII of the Companies Act, 2013, manner of execution of such projects, modalities of fund utilization and implementation schedules, monitoring and reporting mechanism for the projects, and details of need and impact assessment, if any, for the projects to be undertaken;
- Coordinating with implementing agencies for implementing programs and executing initiatives as per the CSR policy and review the performance of such agencies periodically for execution of CSR programs or projects of the Company;
- Monitoring the identification and implementation of multi-year projects /programs ("Ongoing Projects") and recommending to the Board modifications, if any, for the smooth implementation of the Ongoing Projects within the overall legally permissible time period;
- Fix the schedule of implementation of CSR projects and programs and monitoring the progress on approved projects and shortfalls in achieving the CSR plan;
- Reviewing the expenditure incurred on CSR activities by the company and submission of the Annual report on CSR to the Board;
- Monitoring the administrative overheads in pursuance of CSR activities or projects or programs so that they do not exceed the prescribed thresholds;

- Liaising with management on the Company's CSR program, including significant sustainable development, community relations and procedures;
- Identifying the principal areas of risks and impacts relating to CSR and ensuring that sufficient resources are allocated to address these liabilities;
- Reviewing the Company's CSR performance to assess the effectiveness of the Company's CSR program and to determine whether the Company is taking all appropriate action in respect of those matters and has been duly diligent in carrying out its responsibilities and to make recommendations for improvement, where appropriate;
- Reporting regularly to the Board with respect to such matters as are relevant for the Committee to discharge its responsibility;
- Performing any other activities consistent with applicable laws and as the Committee or the Board determines necessary or appropriate.

IT STRATEGY COMMITTEE

The company has constituted this committee in accordance with the Master Direction - Information Technology Framework for the NBFC Sector, 2017 issued by Reserve Bank of India. These directions aim at enhancing safety, security, efficiency in its processes relating to IT Governance, Information and Cyber Security, IT Operations, Business Continuity planning and other processes that are integral to the overall corporate governance.

DATES OF THE MEETING	COMPOSITION
04th May, 2021	Mr. Amar Lal Daultani (Chairperson & Independent Director)
12th August 2021	Mr. Anand Raghavan (Member & Independent Director)
28th October, 2021	Mr. Pratit Vijayvargiya* (Member & Chief Technology Officer)
09th February 2022	Mr. Gajendra Kumar (Member & Chief Information Officer
	Mr. Akshay Tanna (Member & Nominee Director)

*Mr. Pratit Vijayvargiya, Chief Technology Officer of the Company has resigned from the Company w.e.f 31st March, 2022. Accordingly, he ceased to be the member of the Committee.

Besides the members of the committee, meetings of the IT Strategy Committee are attended by the Chief Financial Officer, Investor Observers, Auditors of the company (wherever required) and other invitees. The Company Secretary acts as a secretary to the Committee.

The necessary quorum was present for all the meetings.

TERMS OF REFERENCE

The terms of reference of the IT Strategy Committee inter-alia include the following:

- The Committee shall work in partnership with other Board committees and Senior Management to provide input to them for IT Governance;
- Approving IT strategy and policy documents and suggest changes, if required;
- Ensuring that the management has put an effective strategic planning process in place;
- Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
- Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
- Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
- Ensuring proper balance of IT investments for sustaining NBFC's growth and becoming aware about exposure towards IT risks and controls;
- Review the Digital processes and its Roadmap;
- Review the working if IT Steering Committee of the Company;
- Review the status of IT Investments;
- Review the IT Outsourcing Arrangements on periodic basis;
- Review organizational arrangements so that security concerns are appreciated, receive adequate attention and get escalated to appropriate levels in the hierarchy to enable quick action;
- Review the functioning of Business Continuity Plan on the periodic basis.

ASSET LIABILITY MANAGEMENT COMMITTEE

The company has constituted this committee in accordance with the RBI Master Directions. The Asset Liability Management Committee reviews the assets and liabilities position of the Company and gives directions to the finance team in managing the same. The Composition of the Asset Liability Management Committee as on 31st March, 2022 is set out as below:

DATES OF THE MEETING	COMPOSITION
04th May, 2021 12th August 2021 28th October, 2021 09th February 2022	Mr. Rajendra Kumar Setia (Chairman & Managing Director) Mr. Rohit Srivastava* (Member & Chief Risk Officer) Mr. Atul Arora (Member & Chief Financial Officer) Mr. Vivek Haripal Singh* (Member & Head- Treasury)

*The constitution of the Committee was changed on 09th February, 2022 by adding Mr. Vivek Haripal Singh and Mr. Rohit Srivastava as the Members of the Committee.

Terms of reference

The terms of reference of the Asset Liability Management Committee inter-alia include the following:

- Understanding business requirement and devising appropriate pricing strategies;
- Management of profitability by maintain relevant Net interest margins (NIM);
- Ensuring Liquidity through maturity matching;
- Ensuring adherence to the risk tolerance/limits set by the Board as well as implementing the liquidity risk management strategy of the company;
- Management of balance sheet in accordance with internal policies and applicable regulatory requirements;
- Ensure the efficient implementation of balance sheet management policies as directed by ALCO;
- Review reports on liquidity, market risk and capital management;
- Identify balance sheet management issues that are leading to under-performance and ensure corrective action;
- Ensuring appropriate mix of different forms of debt i.e. Bank Loans, Commercial Paper, Non-Convertible Debentures, etc;
- Giving directions to the ALM team on the interest rate risk and liquidity risk;
- Approving major decisions affecting DMI's risk profile or exposure (product pricing for advances, desired maturity profile and mix of the incremental assets and liabilities, prevailing interest rates offered by peer NBFCs for the similar services/product, etc);
- Satisfying itself that the less fundamental risks are being actively managed, with the appropriate controls in place and working effectively;
- Articulate the current interest rate review and formulate future business strategy on this view.
- Review the asset and liability position and the liquidity position ("ALCO Report") of the Company.
- Review and approve the policy note on treatment of Investment Portfolio for the purposes of ALM.
- Analyze and monitor the liquidity risk profile of the Company.
- Review and recommend to the Board, the public disclosure on liquidity risk in accordance with the Guidelines on Liquidity Risk Management Framework issued by Reserve Bank of India.
- Decision on pricing of products being offered by the NBFC.
- Review and monitoring of Liquidity Coverage Ratio.

EXECUTIVE COMMITTEE

Executive Committee is a Board delegated committee that deals with matters which require fast decision making. The Committee monitors resource mobilization and ensures efficient and timely decisions on the matters relating to Finance activities of the Company. The decisions taken at the meetings of Executive committee are within the power conferred by the Board to the committee. Such decisions are further noted at a duly convened Board meeting.

During the year the Committee met **68 times** on 06th April, 2021, 19th April, 2021, 24th April, 2021, 01st May, 2021, 10th May, 2021, 12th May, 2021, 21st May, 2021, 31st May, 2021, 09th June, 2021, 22nd June, 2021, 30th June, 2021, 02nd July, 2021, 03rd July, 2021, 13th July, 2021, 15th July, 2021, 20th July, 2021, 27th July, 2021, 29th July, 2021, 05th August, 2021, 10th August, 2021, 20th August, 2021, 30th August, 2021, 02nd September, 2021, 08th September, 2021, 16th September, 2021, 21st September, 2021, 22nd September, 2021, 25th September, 2021, 29th September, 2021, 30th September, 2021, 01st October, 2021, 04th October, 2021, 12th October, 2021, 14th October, 2021, 22nd October, 2021, 03rd November, 2021, 08th November, 2021, 12th November, 2021, 24th November, 2021, 25th November, 2021, 29th November, 2021, 11th December, 2021, 15th December, 2021, 17th December, 2021, 21st December, 2021, 23rd December, 2021, 29th December, 2021, 30th December, 2021, 31st December, 2021, 01st January, 2022, 11th January, 2022, 13th January, 2022, 19th January, 2022, 27th January, 2022, 04th February, 2022, 08th February, 2022, 10th February, 2022, 11th February, 2022, 22nd February, 2022, 23rd February, 2022, 01st March 2022, 08th March 2022, 10th March 2022, 16th March 2022, 21st March 2022, 23rd March 2022, 29th March 2022 and 30th March 2022. The Composition of the Executive Committee as on 31st March, 2022 is set out as below:

NAME OF THE MEMBERS	DESIGNATION
Mr. Rajendra Kumar Setia	Chairperson & Managing Director
Ms. Shalini Setia	Member & Whole time Director
Mr. Atul Arora	Member & Chief Financial Officer
Mr. Vivek Haripal Singh	Member & Head-Treasury

Terms of reference

The terms of reference of the Executive Committee inter-alia include the following:

- Managing the day to day business and operational affairs of the Company;
- Borrow money and exercise all powers to borrow moneys (upto limits as approved by the Board from time to time);
- Provide guarantee including performance guarantee, issue letter of comfort and providing securities and taking all necessary actions connected therewith;
- Review of banking arrangement/facilities and taking all necessary actions connected there with including re-financing for optimization of borrowing costs;
- Investment of the funds of the Company including buying of assignment of receivables/ book debts of banks or financial institutions etc.;
- Selling, assignment of its receivables/ book debts in favour of banks or financial institutions, other investing agencies;
- Opening of bank account or operation of bank account;
- Appointment of employee or officers and assignment of their duties for legal representations on behalf of company to present before the court or any other governing body;
- Authorization of employee or officers and assignment of their duties for Securitization of its Receivables;
- Issue and Allot non-convertible debentures in one or more tranches from time to time within the limits approved by the Board from time to time.

ATTENDANCE

S. No.	Audit Committee	Nomination & Remuneration Committee	Risk Management Committee	Corporate Social Responsibility Committee	IT Strategy Committee	Asset Liability Management Committee	Executive Committee
No. of Meetings	5	3	4	3	4	4	68
Name of Member	No. of Meetings attended by Members						
Mr. Rajendra Kumar Setia	-	-	4	3	-	4	63
Ms. Shalini Setia	-	-	1	-	-	1	52
Mr. Akshay Tanna	-	-	4	2	4	4	-
Ms. Debanshi Basu*	5	3	2	-	-	-	-
Mr. Anand Raghavan	5	3	-	3	4	4	-
Mr. Amar Lal Daultani	5	3	4	3	4	-	-
Mr. Atul Arora	-	-	-	-	-	-	68
Mr. Vivek Haripal Singh	-	-	-	-	-	-	60
Mr. Gajendra Kumar	-	-	-	-	2	-	-
Mr. Pratit Vijayvargiya^					1	-	-

*Ms. Debanshi Basu was appointed as the member of Risk Management Committee w.e.f. 09th February, 2022.

^Mr. Pratit Vijayvargiya, Chief Technology Officer of the Company has resigned from the Company w.e.f. 31st March, 2022. Accordingly, he ceased to be the member of the IT Strategy Committee.

4. GENERAL BODY MEETINGS

a) Details of the last three Annual General Meetings and Special resolutions passed thereat

AGM	Date & Time	Venue	Special Resolutions passed
27th AGM	August 18, 2021 at 10:30 a.m.	Through Video Conferencing Hosted At Plot No.36, Dhuleshwar Garden, Jaipur- 302001 (Rajasthan)	• To approve the Change in the name of the Company
26th AGM	September 24, 2020 at 10.00 a.m.	Through Video Conferencing Hosted At Plot No.36, Dhuleshwar Garden, Jaipur- 302001 (Rajasthan)	• No Special Resolution was passed in the 26thAGM.
25th AGM	June 15, 2019 at 12:30 p.m.	G-1&2, New Market, Khasa Kothi Circle, Jaipur-302001 (Rajasthan)	• To authorize Board to borrow money in excess of paid up capital, free reserves and securities premium of the company from ₹2500 Crores to ₹3250 Crores u/s 180(1) (c) of the Companies Act, 2013; • To authorize the Board to sell, securitize, hypothecate, pledge, mortgage, create charge on all or any of the assets of the company u/s 180(1) (a) of the Companies Act, 2013 to secure borrowings made u/s 180(1) (c) of the Companies Act, 2013; • To authorize board for issuance of non-convertible debentures, in one or more tranches for one year; • To approve the revision in remuneration of Mr. Rajendra Kumar Setia as Managing Director.

POSTAL BALLOT

During the financial year 2021-22, no resolutions have been passed through postal ballot.

Further, there is no proposal in the ensuing AGM to transact any business that requires the passing of resolution through postal ballot.

5. MEANS OF COMMUNICATION

The company strives to maintain utmost transparency in its communication with the Shareholders, Debenture Holders, Lenders and other Stakeholders. Full and timely disclosure of information having bearing on the performance/operation of the company including the Company's financial performance and other material information are intimated in electronic mode through the BSE Listing centre for dissemination of such information to the public at large.The Unaudited and Audited financial results of the Company are sent to the Stock Exchange and Debenture trustees promptly after they are approved by the Board of Directors. These results are simultaneously posted on the website of the Company at the weblink https://www.skfin.in/annual-report.php. The results of the Company are normally published in Financial Express or Business Standard.

The website of the company i.e. www.skfin.in contains a complete overview of the Company. The Company's Annual Report, financial results, details of its business, corporate announcements, policies, transcripts of general meetings, contact information of the designated officials handling investor grievances, credit ratings and other details as required under various laws are regularly updated on the Company's website.

Annual Reports, notice of the meetings and other communications to the members of the company, debenture trustees and to all other persons so entitled are generally sent through e-mail. In view of the outbreak of COVID-19 pandemic and owing to the difficulties involved in dispatching of physical copies of Annual Report, the Ministry of Corporate Affairs ("MCA") through various circulars issued from time to time has directed the Companies to send the Annual Report only by e-mail to all the Members of the Company. Therefore, the Annual Report for FY 2021-22 and Notice of 28thAGM of the Company is being sent to the Members only through their registered e-mail addresses in accordance with MCA and SEBI Circulars.

6. GENERAL SHAREHOLDER INFORMATION

28th Annual General Meeting	Day & Date: Time: Venue:	Wednesday, 3rd August, 2022 10:00 A.M. Through Video Conferencing Hosted At Plot No.36, Dhuleshwar Garden, Jaipur- 302001 (Rajasthan)
Financial Year	The financial year covers the period from 1st April to 31st March.	
Dividend Payment Date	The Board has not recommended dividend for F.Y. 2021-2022.	
Name and address of Stock Exchange where Securities are listed and a confirmation about payment of annual listing fees	The Company has issued privately placed Non-Convertible Debentures and Commercial Papers* which are listed on: **BSE Limited (BSE)** 25th Floor, PJ Towers, Dalal Street, Mumbai-400001 MH IN The Company has paid the requisite listing fees in full.	
Stock Code	The Debentures and Commercial Papers issued on a private placement basis are listed on the Wholesale Debt Market Segment of BSE Limited and the ISINs/Scrip Codes are detailed in the table below.	
Registrars and transfer Agents	**Kfin Technologies Limited.** Selenium, Tower B, Plot No- 31 & 32, Financial District, Nanakramguda, Serilingampally Hyderabad Rangareddi TG 500032 IN Email id: Hanumantha.patri@kfintech.com	
Share Transfer System	In terms of Regulation 7 of the SEBI LODR, M/s Kfin Technologies Limited continues to be the Registrar and Share Transfer Agent and handles all relevant share registry services. All the securities of the Company are in dematerialized form, hence there are no physical transfer of securities. Pursuant to the provisions of Regulation 61(4) read with Regulation 40(9) of SEBI LODR, the Compliance Certificate issued from M/s V.M. & Associates, Company Secretaries confirming that all activities in relation to share transfer facility are maintained by Registrar and Share Transfer Agent registered with the Securities and Exchange Board of India is submitted to the Stock Exchange on a half yearly basis**	

Debenture Trustees	**Axis Trustee Services Limited** Axis House, 2nd Floor, Bombay Dyeing Mills Compound, Near Hard Rock café, Pandurang Budhkar Marg, Worli, Mumbai- 400025 Contact Person: Ms. Smruti Kanitkar E-Mail: smruti.kanitkar@axistrustee.in T: –22 – 622600 **Beacon Trusteeship Limited** 4 C & D, Siddhivinayak Chambers, Gandhi Nagar, Opp. MIG Cricket Club, Bandra (East), Mumbai – 400 051 Contact Person: Ms. VeenaNautiyal / Mr. VirajDere Email:veena@beacontrustee.co.in ; viraj@beacontrustee.co.in Contact: +91 (0)22 2655 87 **Catalyst Trusteeship Limited** Windsor, 6th Floor, Office No. 604, C.S.T. Road, Kalina, Santacruz (East), Mumbai – 400098 Contact Person: Ms. Priti Shetty / Ms. Deesha Trivedi Email: deesha.trivedi@ctltrustee.com; Office : 022-49220520 Fax: 022-49220505 **IDBI Trusteeship Services Limited** Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai – 400 001. Contact Person: Mr. Naresh A. Sachwani/ Ms. Nayana Rathore E Mail: nayana@idbitrustee.com; naresh.sachwani@idbitrustee.com T: (91) (22) 408070 **MITCON Credentia Trusteeship Services Limited** 1402/1403, Dalamal Tower, Free Press Journal Marg, 211, Nariman Point, Mumbai -400 021 Maharashtra (India) Contact Person: Mr. Navin Choukesy/ Ms. Vaishali Urkude E Mail: navin.chouksey@mitconindia.com ; vaishali.urkude@mitconindia.com T: (91) (22) 408070 **Vardhman Trusteeship Private Limited** The Capital, A Wing, 412A, Bandra Kurla Complex, Bandra (East) Mumbai 400 051 Contact Person: Mr. Nikhil Pradhan E-Mail: compliance@vardhmantrustee.com, nilesh@vardhmantrustee.com
Dematerialization of shares and liquidity	100 % of the equity shares of the company are in electronic form with both National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL"). Transfer of these shares are done through the depositories with no involvement of the company.
Outstanding Convertible instruments	The Company has not issued any global depository receipts or american depository receipts.
Commodity price risk or foreign exchange risk and hedging activities	Commodity price risk: Not Applicable The company has fully hedged its foreign exchange risks associated with External Commercial Borrowings.
Locations	The Company has strengthened its presence across the 10 states with a network of 400 and above branches. List of branches are stated in this Annual Report.
Address for correspondence	**Registered Office Address** G-1&2, New Market, KhasaKothi, Jaipur-302001 (Rajasthan) Ph:+91-141-4161300/309,Fax:+91-141-4012809, Website: www.skfin.in, E-Mail: info@skfin.in **For queries/ complaints** Contact person: Ms. Anagha Bangur Designation: Company Secretary Email id: Anagha.Bangur@skfin.in

Credit ratings obtained

There was revision in the Credit Ratings during the reporting period as detailed below:

1. CARE Ratings Limited

Instrument	Existing Rating/ Outlook	Revised Rating/Outlook
Non-Convertible Debentures	CARE A; Stable (Single A; Outlook: Stable)	CARE A+; Stable (Single A Plus; Outlook: Stable)
Bank loans	CARE A; Stable (Single A; Outlook: Stable)	CARE A+; Stable (Single A Plus; Outlook: Stable)

2. CRISIL Ratings Limited

Instrument	Existing Rating/ Outlook	Revised Rating/Outlook
Non-Convertible Debentures	CRISIL A/ Stable (pronounced as CRISIL A rating with Stable Outlook)	CRISIL A+/ Stable (pronounced as CRISIL A plus rating with Stable Outlook)
Bank loans	CRISIL A/ Stable (pronounced as CRISIL A rating with Stable Outlook)	CRISIL A+/ Stable (pronounced as CRISIL A plus rating with Stable Outlook)

3. ICRA Limited

Instrument	Existing Rating/ Outlook	Revised Rating/Outlook
Non-Convertible Debentures	[ICRA]A (Stable) (pronounced as [ICRA] A; Outlook: Stable)	[ICRA]A+ (Stable) (pronounced as [ICRA] A Plus Outlook:Stable)
Bank loans	[ICRA] A (Stable) (pronounced [ICRA] A; Outlook:Stable)	[ICRA] A+ (Stable) (pronounced ICRA A Plus Outlook:Stable)

Further, the company has obtained the following ratings during the year under review:

1. Acuite Ratings & Research Limited

Instrument	Ratings/ Outlook
Proposed Bank Facilities (Long Term)	ACUITE AA-/ Stable

2. India Ratings & Research Private Limited

Instrument	Rating/Outlook
Commercial Paper (CP)	IND A1+ (IND A One Plus)
Bank loans	IND A+/Stable (IND A plus Outlook: Stable)

*The Company has issued the Commercial Papers on 27th January, 2022 which was further listed on the BSE Limited on 27th January, 2022.
** Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021 effective from 05th May, 2021, this has been made an Annual Compliance.

The Company's Non- Convertible Debentures/Commercial Papers are listed on BSE Limited under the following ISINs/ Scrip Codes:

ISIN	Scrip Code	Address
INE124N08042	955663	
INE124N07242	958461	
INE124N07325	958941	
INE124N07358	959128	
INE124N07374	959524	
INE124N07382	959556	
INE124N07390	959631	
INE124N07408	959638	
INE124N07416	959650	
INE124N07424	959649	
INE124N07440	959699	BSE Limited (BSE) 25th Floor, PJ Towers, Dalal Street, Mumbai-400001 MH IN www.bseindia.com
INE124N07457	959744	
INE124N07473	960087	
INE124N07481	960187	
INE124N07499	960192	
INE124N07507	960249	
INE124N07515	960331	
INE124N07523	960442	
INE124N07531	973022	
INE124N07549	973049	
INE124N07556	973129	
INE124N07564	973571	
INE124N08075	973691	
INE124N14040	722312	

7. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2022

a. Distribution of equity shareholding as on 31st March, 2022:

Number of Shares	Holding	Percentage to capital	Number of Accounts	Percentage to total accounts
Upto 50,00,000	53,09,855	18.25%	17	85%
50,00,001-1,00,00,000	1,26,42,937	43.47%	2	10%
Above 1,00,00,000	1,12,57,463	38.27%	1	5%
	2,92,10,255	100%	20	100%

b. Categories of equity shareholders as on 31st March, 2022:

Category	No of equity shares	Percentage of Holding
Promoters & Promoters Group	1,13,81,719*	38.70%
Alternate Investment Funds	24,04,830	8.27%
Foreign Institutional Investors	1,54,09,681	52.99%
Others	14,025	0.04%
	2,92,10,255	100.00%

* The 1,13,81,719 equity shares in Promoters & Promoters Group comprises of the following:

Promoters comprises of 1,12,57,463 of Mr. Rajendra Kumar Setia out of which 10,17,447 are partly paid equity shares issued at ₹725.59/- on which ₹02 has been paid by him (₹1.75 in face value and 0.25 paise in premium and 62,500 of M/s Rajendra Kumar Setia HUF.

Promoters Group comprises of 57,556 shares of Mr. Raj Kumar Setia, 2,250 shares of Mr. Sameer Arora, 650 shares of Ms. Shalini Setia, 650 shares of Ms. Bhajan Devi Setia and 650 shares of Mr. Yash Setia.

8. OTHER DISCLOSURES

A) Pursuant to the provisions of the Act and Regulation 23 of SEBI LODR and as required under the RBI Master Directions, the Board has, on recommendation of its Audit Committee, adopted a policy on related party transactions and the said policy is available on the website of the Company at http://www.skfin.in/disclosures.php.

All the related party transactions that were entered during the financial year were in the ordinary course of business and on an arm's length basis. There were no materially significant transactions made by the company with the related parties either individually or taken together with the previous transactions which may have a potential conflict with the interest of the company at large. All the related party transactions are placed before the Audit Committee and subsequently before the Board of Directors for approval and review on quarterly basis. Transactions with related parties, as per the requirements of Ind-AS, are disclosed in the Notes to Accounts annexed to the financial statements.

Note: Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2021 effective from 07th September, 2021, pursuant to the Regulation 23(9) of SEBI LODR the Company along with the half yearly financial results have submitted the disclosures of related party transactions.

B) There were no instances of non-compliance by the Company for which any penalties or strictures were imposed on the Company by the Stock Exchanges and SEBI, or any statutory authority on any matter related to capital markets during the last three years.

C) Pursuant to Section 177(9) of the Act and Regulation 4(2)(d)(iv) of the SEBI LODR, the Company has in place a vigil mechanism to provide a formal mechanism to the Directors and employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. A whistle blowing or reporting mechanism, as set out in the Policy, invites all Directors and employees to act responsibly to uphold the reputation of the Company. The Policy aims to ensure that serious concerns are properly raised and addressed and are recognized as an enabling factor in administering good governance practices.

This Vigil Mechanism of the Company is overseen by the Audit Committee and provides adequate safeguard against victimization of employees and also provides direct access to the Chairman of the Audit Committee in exceptional circumstances. The whistle blower complaints are reviewed by the Audit Committee on a yearly basis. The Vigil Mechanism/ Whistle Blower policy is available on the website of the Company at http://www.skfin.in/disclosures.php

During the year, no whistle blower event was reported and the mechanism is functioning well. No personnel have been denied access to the Audit Committee.

D) Details of compliance with Mandatory requirements and adoption of non-mandatory requirements:

The company has complied with all the applicable mandatory requirements of SEBI LODR. Further, the company has also adopted non-mandatory requirements under SEBI LODR such as preparation of Corporate Governance report, Management Discussion and Analysis report, internal auditor reporting directly to the audit committee and such other good governance practices.

E) During the reporting year; the Company does not have any Subsidiary Company, hence formulation of Policy for determining Material Subsidiaries as per Regulation 16 of the SEBI Listing Regulations is not applicable to the Company.

F) During the reporting year the Company has made the preferential allotment which are as detailed below:

S. No.	Name of the Allottees	No. of Shares	Date of Allotment
1	Rajendra Kumar Setia	1,50,011	12th May, 2021
2	TPG Growth IV SF PTE. Ltd	11,25,084	12th May, 2021
3	Norwest Venture Partners X – Mauritius	8,52,336	12th May, 2021
4	Evolvence India Fund III Ltd	1,70,467	12th May, 2021
5	IIFL Special Opportunities Fund – Series 9	3,41,222	23rd December, 2021
6	Massachusetts Institute of Technology	2,76,617	23rd December, 2021
7	238 Plan Associates LLC	64,607	23rd December, 2021

Further, the funds raised from the above mentioned preferential allotment were utilized for the following purposes:

- Expansion of the loan portfolio of the Company.
- To fill the general corporate requirements
- For other business purposes as set out in the business plan of the Company.

G) During the year, the Board has accepted all recommendations made by the committees of the board.

H) The statutory auditors have been paid ₹66.15 Lakhs on a consolidated basis for all services rendered to the company.

I) The company has in place a Policy for prevention of Sexual Harassment to provide the procedure for the redressal of complaints pertaining to sexual harassment, thereby providing a safe and healthy work environment, in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013 and rules made thereunder. All employees of the company are covered under this policy.

An Internal Complaints Committee (ICC) has been set up to redress complaints. The constitution of the said committee is in line with the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. The following is a summary of sexual harassment complaints received and disposed of during the year:

During the year, the Company has received NIL Complaints, which is stated in following statement:

Complaints at the beginning of the year	Complaints received during the year	Complaints resolved during the year	Complaints pending at the end of the year
NIL	NIL	NIL	NIL

J) The Company has not provided any Loans and Advances in the nature of loans to firms/companies in which directors are interested.

K) All the Board members and senior management personnel have affirmed compliance with the code for the year ended on 31st March, 2022. The Code is displayed on the website of the Company at the weblink http://www.skfin.in/disclosures.php. A declaration to this effect signed by the Managing Director forms part of this Annual Report as **Annexure-3.**

L) The investor complaints are processed in a centralized web-based complaints redress system called **SCORES**. There were no investor grievances as on 31st March, 2022. Ms. Anagha Bangur, Company Secretary acts as the Compliance officer for the purpose of SEBI LODR and keeps a regular track of such complaints. The investor grievances are also reported to the Stock Exchange on a quarterly basis.

M) The Company adheres to the Fair Practices Code (FPC) recommended by sector regulator, the Reserve Bank of India (RBI) and seeks to promote good and fair practices by setting minimum standards in dealing with customers while doing lending business. Moreover, the comprehensive Know Your Customer (KYC) Guidelines and Anti Money Laundering Standards, issued by the RBI, are also strictly followed.

N) The Company has framed and adopted a **Code of conduct** to regulate, monitor and report trading by designated persons in the listed securities of the Company as required under the SEBI (Prohibition of Insider Trading) Regulations, 2015 **(SEBI PIT Regulations)**. A policy containing procedures for conduct of inquiry in case of leakage of UPSI or suspected leakage of UPSI forms part of the Code for designated persons. The Company has also formulated a **Code for fair disclosure** of UPSI and a policy for determination of 'legitimate purposes' for communicating / procuring UPSI. The said Code for fair disclosure is available on the Company's website at http://www.skfin.in/disclosures.php.

For And On Behalf of The Board of Directors

For SK Finance Limited
(Formerly Known As Ess Kay Fincorp Limited)

Rajendra Kumar Setia
Managing Director
DIN: 00957374

Shalini Setia
Whole Time Director
DIN: 02817624

Jaipur
20th May, 2022
Regd. Address: G 1-2, New Market, Khasa Kothi, Jaipur – 302001 (Rajasthan)
Website: www.skfin.in Email: info@skfin.in

ANNEXURE-2

CEO/CFO Certificate

To,
The Board of Directors
SK FINANCE LIMITED
(Formerly known as Ess Kay Fincorp Limited)

We, to the best of our knowledge and belief, certify that

A. We have reviewed financial statements and the cash flow statements for the year ended 31st March, 2022 and that to the best of our knowledge and belief;

   a. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   b. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have disclosed, based on our evaluation wherever applicable to the Auditors and the Audit Committee that;

   a. there were no significant changes in internal controls over financial reporting during the year;

   b. there are no significant changes in accounting policies during the year, and

   c. there were no instances of significant fraud of which we are aware and the involvement therein, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Rajendra Kumar Setia
Managing Director

Atul Arora
Chief Financial Officer

Jaipur
20th May, 2022
Regd. Address: G 1-2, New Market, Khasa Kothi,
Jaipur – 302001 (Rajasthan)
Website: www.skfin.in Email: info@skfin.in

ANNEXURE-3

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

The Board of Directors of SK Finance Limited (Formerly known as Ess Kay Fincorp Limited) has adopted a Code of Conduct to be followed by all Members of the Board and Senior Management Personnel of the Company respectively in compliance with the Regulation 17(5) of Securities Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015.

As per Regulation 17(5), Regulation 26(3) and Schedule V of Securities Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, all Board Members and Senior Management Personnel have affirmed Compliance with the Code of Conduct for the year ended on 31st March, 2022.

Rajendra Kumar Setia
Managing Director

Jaipur
20th May, 2022
Regd. Address: G 1-2, New Market, Khasa Kothi,
Jaipur – 302001 (Rajasthan)
Website: www.skfin.in Email: info@skfin.in

Management Discussion and Analysis Report

1. Economy review

1.1 Global economic overview

As per the report from United Nations World Economic Situation and Prospects (WESP) 2022, the global economy witnessed the highest growth rate since 1976 with strong 5.5% recovery in 2021. This was after a 3.4% contraction owing to the short but severe recession that marked the pandemic.

The growth trajectory can be primarily attributed to the resumption of house hold expenditure and capital investment by industries in the period following the pandemic-led restrictions in 2020. The rapid and focused vaccination drives have supported the economic recovery, eased restrictions, which has led to a surge in demand and boosted the economic outlook. .

The performance of international trade was a mixed bag in 2021. Merchandise trade was stronger than expected, with global trade in goods surpassing pre-pandemic levels. Strong demand for pandemic related goods such as medical supplies and goods related to lifestyle changes such as electronic devices was buoyed in the first half of the year. The momentum slowed down in the second half due to newer waves of COVID-19 and supply chain challenges.

Besides this, a tectonic shift has been seen with the escalating geo-political situation in Europe, which has weighed heavily on commodity prices, causing it to rise sharply.

The persistent and broad-based inflation has led major advanced economies to quicken the pace of unwinding of their ultra-accommodative monetary policies. A number of emerging market economies have been in a cautious mode since 2021, and more are expected to follow.

If the present Russia-Ukraine conflict continues for a pro-longed period, the world economy may experience a slowdown in growth rate owing to elevated inflationary pressure, rising interest rate, high oil prices and volatile financial market.

1.2. Indian economic overview

Despite the economic devastation caused by the virus, India's agile response has been commendable, especially as the country rallied to manage the deadly second wave early in FY22. The economy has shown strong recovery in FY22 after a negative growth in FY21 driven by the systematic and phase-wise vaccination, stimulus package by the government and Reserve Bank of India's (RBI) timely measures.

As seen in quarterly estimates of GDP, India has been staging a sustained recovery since the second half of FY21. Although the second wave of the pandemic in April-June 2021 was more severe from a health perspective, the economic impact was less as compared to the national lockdown of the previous year.

Repeated waves of infection, supply-chain disruptions and more recently, global inflation have resulted in challenging times for policy-making. Faced with these challenges, the Government of India opted to combine a bouquet of safety-nets to cushion the impact on vulnerable sections of society and the business sector. It also made available significant quantum of capital in the infrastructure sector to bring back demand as well as implemented supply-side measures to prepare the economy for a sustained long-term expansion.

The overall, macro-economic stability indicators suggest that the Indian economy is well placed to address challenges, backed by the government's push on capital expenditure and infrastructure development.

Industry developments - NBFC sector

The credit growth of NBFCs continued to remain sluggish in FY22. The total credit of NBFC sector increased marginally from ₹27.53 lakh crore in March 2021 to ₹28.03 lakh crore in September 2021.

The contribution of NBFCs in supporting real economic activity as a supplemental channel of credit intermediation alongside banks is well recognised. Over the years, the sector has undergone considerable evolution in terms of size, complexity, and interconnectedness within the financial sector. NBFCs have a competitive edge due to their superior understanding of regional dynamics, well-developed collection systems and personalised services driving financial inclusion in India. Various policies in the aftermath of the pandemic have ensured adequate liquidity support to ease operational challenges faced by NBFCs giving them adequate time and wherewithal to weather the shock and revive their growth.

Many NBFCs adapted by strengthening their credit risk assessment frameworks to ensure the quality of credit underwriting, subsequent to the pandemic- led stress, and reinvented their business models with a clear focus on data analytics and maintaining big data in business applications.

As per the Economic Survey 2021-22, While the total assets of NBFCs increased from ₹36.37 lakh crore in September 2020 to ₹42.05 lakh crore in September 2021, resulting in YoY growth of 15.61%, asset quality across the segment has also improved on the back of collection efficiencies across the NBFC players.

Performance of key sectors

Vehicle finance industry

India is one of the largest automobile markets in the world and the sector contributes a significant proportion to the country's GDP. The sector has been facing multiple headwinds for the last five financial years, initially due to the challenges related to imminent shift to BS VI compliance, and then due to the pandemic. In FY22, as per SIAM, the total domestic sales volumes de-grew by 5.9% over the previous year to 1,75,13,596 (vehicle sales) whereas sales volumes have dropped at 8.5% CAGR between FY 2018-22. The lending market for the sector also saw a decline in disbursements across various segments. The fall in sales was primarily led by the two wheeler segment whereas other segments reported a growing trajectory. The commercial vehicles segment which has remained largely subdued in the last five years reported a growth of 26% YoY in FY22 to 7,16,566 (vehicle sales) primarily on account of the pent up demand and thrust on capital expenditure in the country. The personal vehicle segment also saw a pick-up in demand as domestic sales reported a growth of 13.2% YoY in FY22 to 30,69,499 (vehicle sales) backed by the revival in the consumption growth mainly in the second half of fiscal FY22.

With the increased rate of growth of consumption in the country backed by a good monsoon and the government's thrust on CAPEX revival, we are likely to see a sustained growth in the sector in the near future.

Financing to the industry also became more feasible on the backdrop of improving asset quality giving them the required ammunition to gradually transition to the pre-COVID disbursement levels.

Auto financiers are expected to see loan growth further improve and asset quality pressures ease and business activities normalise. After weathering multiple challenges in the past three fiscals, the overall assets under management (AUM) of NBFCs is likely to grow driven by improvement in economic activities, sufficient capital buffers, sizeable on-balance sheet provisioning along with adequate system liquidity which is likely to aid funding.

Used vehicle finance market

Rising consumption has led to an increase in disposable income. Simultaenously, global supply chain challenges followed by certain geo-political issues have led to a rise in the cost of new vehicles. Furthermore, as per transport ministry report, there are over a million commercial vehicles in India, which are more than 15 years old. Scrapping them based on the scrappage policy will create replacement demand and modernise the commercial vehicle fleet in the country. The replacement demand will create a huge opportunity for both new and used vehicles in the country.

The used vehicle finance industry in India is catered by a mix of banks and NBFCs. Amongst them, banks account for a majority of the market share. Due to a large customer base, better customer service, and competitive rates, public and private sector banks are the major dominators when compared to NBFC and OEMs. However, the presence of NBFCs in non-metro and rural areas has helped them maintain a higher market share in recent years.

As mentioned earlier, banks lead the PVs financing vertical while banks and OEMs together lead the new CVs financing market. The used CV financing market is still fairly untapped. NBFCs have a strong regional presence and focused operations and are well placed to take advantage of this market opportunity.

As per industry estimates, the used LCV financing market is likely to double from ₹0.6 trillion in FY21 to ₹1.2 trillion in FY26 signifying a rather rapid growth in this sub-segment. The LCV market is also far more resilient as compared to the M&HCV market due to the cyclical nature of the use of M&HCV which are directly impacted by the CAPEX cycle in the country.

The Indian tractor industry has reported a 6% decline in domestic sales in 2021-22, a year after registering highest-ever annual production and sales. Total production for FY22 stood at 9,61,100 units compared to 9,65,231 units in FY21.

The tractor demand is expected to improve led by higher Rabi output, good level of water reservoirs, increased budget allocations to rural and agri sector coupled with favourable crop prices, and positive forecast of 2022 monsoon season- supporting rural customer sentiments.

MSME lending

As per a recent report from IBEF, there are ~6.3 crore Micro, Small and Medium Enterprises (MSME) operating in the country out of which only ~9% i.e. 57 lakh MSME s have completed their Udhyam Registration. Of the registered MSME s ~94% are categorised under Micro Enterprises i.e. having a turnover of ₹5 crore or less. The MSME segment contributes ~30% to the national GDP making it one of the critical segments in the growth trajectory of the country.

The Government of India has a keen focus on this sector, to help the MSMEs thrive thereby strengthening the country's economy. Accordingly, MSMEs formed a very prominent part of the announcements made under the 'Atmanirbhar Bharat'

The government has launched major schemes targeted at providing credit and financial assistance and many other services to MSME s.

1. **Prime Minister's Employee Generation Programme**

   Aims to generate employment opportunities in rural and urban areas by setting new self-employment ventures/ projects/ micro-enterprises.

2. **Credit Linked Capital Subsidy Scheme**

   As large number of MSEs in India are running their business with outdated technology and machinery, the objective of the Credit Linked Capital Subsidy Scheme (CLCSS) is to facilitate technology upgrade among MSEs by providing capital subsidy of 15% (limited to a maximum ₹15 lakh (US$ 0.02 million).

3. **Credit Guarantee Trust Fund for Micro and Small Enterprises (CGTMSE)**

   This scheme was launched by the government to provide collateral free credit to micro and small enterprise.

4. **Non-Government provident funds (PFs)**

   This scheme will help widen the fundraising options of MSMEs and expand the domestic pool of available capital.

5. **Special Credit Linked Capital Subsidy Scheme (SCLCSS) for the services sector**

   This scheme helps enterprises meet various technology requirements through capital subsidy.

   Apart from these, several other schemes were launched, including ECLGS, and government guaranteed Subordinated Debt Scheme Funds of Fund Scheme that supported o MSMEs with an initial corpus of ₹10,000 crore.

Outlook

Although many MSMEs struggled to cope with the challenges posed by the pandemic , certain businesses that were catering to the local ecosystem performed well. With focused support from the government of India the sector is poised for rapid growth in the near future.

2. Overview of SK Finance Limited

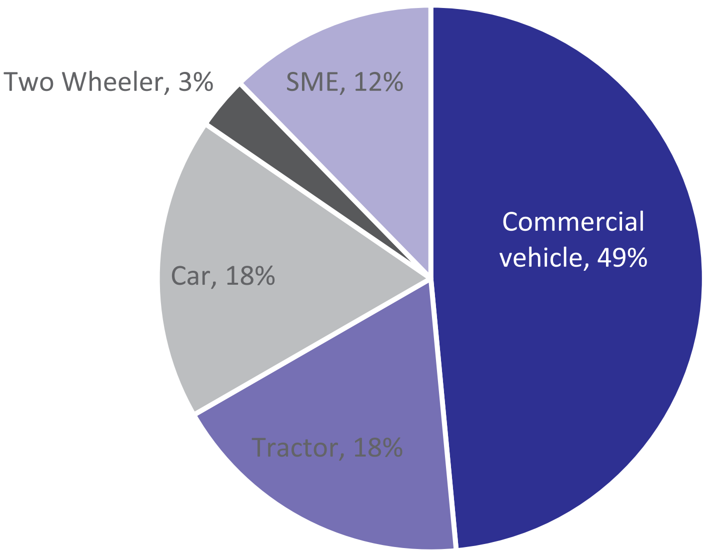
The Company is registered with Reserve Bank of India and classified as "NBFC-ND-SI-AFC", engaged in the business of financing for income generating businesses (mainly Vehicle Financing and SME lending (secured by self-occupied property)). The target customer base is self-employed individuals from rural and semi-urban areas. We truly believe that we have created a product which serves the needs of self-employed individuals and small businesses in India. Traditional underwriting methods in India exclude the majority of creditworthy individuals and SMEs . It is this fundamental premise on which our business was built and we are guided by our mission to create social impact in this segment. We cater to this under-served market by adopting an innovative approach and validating the creditworthiness of the individuals and small business. We do so by looking at a variety of factors such as performance, stability, social net etc. instead of just focusing on financial history. Not only do we have modern underwriting methods, but we have also made our loan repayment extremely flexible by aligning it to the business cycles. Behind the functioning of the organisation, is the belief that each customer is an asset in the growth of our business. SK Finance is one of the key market players in the commercial vehicle finance and MSME lending in the state of Rajasthan and Gujarat.

3. Our business

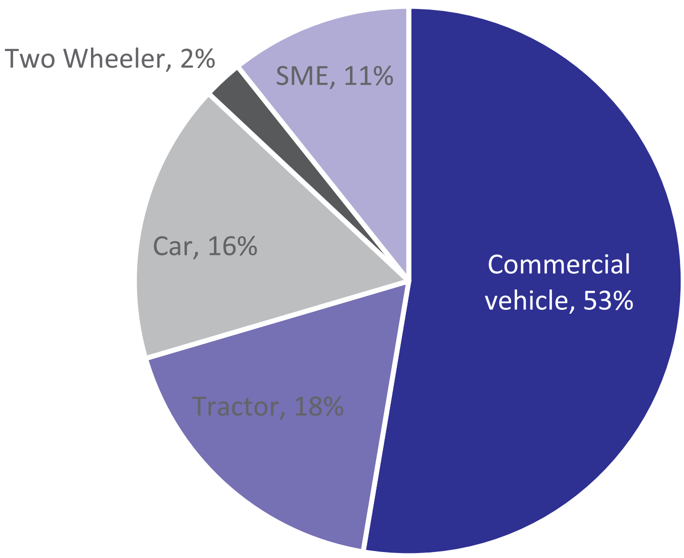
We have become an emerging tech-backed and digital-focused organisation offering customised solutions to our customers suitable to their needs. We drive financial inclusion and aim to make capital easy and accessible to every Indian. We place high emphasis on customer experience and strive to offer quality service to all our customers. We have created a wide range of portfolio products and services to cater to the evolving needs of our customers.

With majoirty of our branches in rural and semi-urban areas, we have enhanced our focus on the unbanked and underbanked customers at the bottom of the pyramid to drive financial inclusion. We primarily operate in two business segments i.e. vehicles and MSMEs. Vehicles business is further sub-divided into four more product segment viz. Commercial vehicle, Tractor, Cars and Two Wheeler loans. Of the total, Used Vehicles business comprises ~70% of the total AUM. The composition of our AUM mix is as follows -

Product-wise AUM Breakup for FY22



Product-wise AUM Breakup for FY21



From 2016, the MSME business has become one of the main focus areas, considering the market opportunities The. MSME AUM for FY22 is at 12%. The Company has been empowering the underserved rural and semi-urban market through hassle free, favourable financing option to initiate their entrepreneurial journey

Vehicles segment

Vehicle loan has been a key product since our inception over two decades ago, and it is the most seasoned book in our portfolio. Despite sluggish growth in the overall automobile sector during the last 5 years, our vehicle loan AUM recorded a steady growth of 35% over corresponding period ended FY21. We primarily offer loans for pre-owned vehicles and for refinancing of vehicles across several categories including Commercial Vehicles (Multi-Utility Vehicle (MUV), Small Commercial Vehicles (SCVs) and Light Commercial Vehicle (LCV)), Cars, Tractors (including Construction Equipment), and Two Wheelers. In the commercial space, we serve First Time Buyers (FTBs) and we secure our wheel loans with the vehicles we finance. The average loan tenor is of ~3.5 years.

With the first quarter being completely marred by COVID and its associated challenges, most of our customers belong to the essential category, attract non-discretionary spending. Hence, although their businesses did experience some slowdown during the pandemic times but recovered quickly.

During the year, we took several initiatives on the product side that helped us stay ahead of the curve:

1. Maintained our product strategy to focus on financing non-cyclical vehicles
2. Continued focus on used vehicles given the vast business opportunity
3. Focused on collections by strengthening the team monitoring progress

Commercial Vehicles

Commercial vehicles segment has seen good growth last year. At the end of March 2022, the AUM in our commercial vehicles (CV) segment was ₹2,295 crore comprising 49% of the overall AUM. We achieved an AUM growth of ~27% YoY in this segment supported by a disbursement of ₹1,566 crore in FY22 achieving a growth of ~95% YoY. We managed to achieve this despite losing the majority of the first quarter on account of the second wave of COVID- 19. Demand in the segment and particularly the used commercial vehicles was driven by improved cargo, flow and consumption demand post-lockdown. We have developed expertise in pre-owned commercial vehicle financing over a period of time by understanding the business dynamics on ground and building a vast network of consultants like independent valuers, RTO officers, DSA network to ensure seamless execution. Our customer profile primarily includes first time buyers, captive users, intra-city operators and self-employed business people primarily from rural or semi-urban regions with limited banking habits.

We are primarily engaged in financing LCV's and MUV's over M&HCVs because

a. These vehicles are less cyclical in nature
b. Enables us to cater to a more granular customer base
c. Functions in a smaller geography catering to the local ecosystem

Cars

At the end of March 2022, the AUM in our Cars segment was ₹841 crore comprising 18% of the overall AUM. We achieved an AUM growth of ~49% YoY in this segment supported by a disbursement of ₹610 crore in FY22 achieving a growth of ~116% YoY despite the impact of the second wave of COVID-19. In the used car segment our customer profile primarily includes customers who buy vehicles for personal use and usually have an aspirational value attached to the vehicles. These vehicles are primarily used for personal use, in the occupation of tours and travels and as taxi services operating within 25-100 kms in radius.

Tractors

At the end of March 2022, the AUM in our Tractors segment was ₹854 crore comprising 18% of the overall AUM. We achieved an AUM growth of ~41% YoY in this segment supported by a disbursement of ₹579 crore in FY22 achieving a growth of ~81% YoY despite the impact of the second wave of COVID- 19. The central government has taken several initiatives to improve farm income through continuous thrust on agriculture. Various state governments have also provided loan waivers, subsidised loans, and incentives to farmers to opt for farm mechanisation to boost rural income. This has led to higher cash in the hands of farmer; thus enabling the purchase of tractors. The government's thrust on rural infrastructure is likely to aid growth in non-agricultural. Most of our customers in the tractor segment use the asset for dual purpose with primary purpose being agriculture while the remaining is used for transportation of goods, materials, perishables etc. The dual use helps the asset to be de-risked in terms of business volatility and enables higher operating leverage from the vehicle.

Two-Wheeler

At the end of March 2022, the AUM in our Two -Wheeler segment was ₹145 crore comprising 3% of the overall AUM. We achieved an AUM growth of ~105% YoY in this segment supported by a disbursement of ₹143 crore in FY22 achieving a growth of ~166% YoY. Our two wheeler segment is small albeit growing at a rapid pace. This segment also acts as a lead generation business supporting other businesses.

MSME business

Loans and Advances to the MSME segment as on March 31, 2022 stood at ₹579 crore comprises 12% of the overall AUM, recording a growth of 58% YoY. We disbursed ₹328 crore in FY22 recording a growth of ~89%.

From combating the second wave of the COVID-19 pandemic to the threat posed by economic slowdown, MSMEs are once again ready to start a new fiscal year with a fresh approach. We continue targeting the under-served MSME segment to address the lack of adequate finance available for this segment. We have laid special emphasis on offering an end-to-end digital experience thereby enhancing the customer experience. In this segment we primarily lend to inventory- based retail business models catering to working capital funding to the trader community. We have identified specific categories of traders' businesses that we finance.

Funding Source

We currently deal with more than 60 banks and financial institutions by obtaining financial assistance in the form of Term Loan, Cash Credit (including WCDL), Non-Convertible Debentures, and External Commercial Borrowing, etc.

Distribution

Today, we are present across 10 states and union territories through our 423 branches. Apart from our home state of Rajasthan, we have expanded our services to Gujarat, Madhya Pradesh, Punjab, Haryana and Maharashtra. In the year gone by, we further established our footprint in three new geographies namely Himachal Pradesh, Delhi (NCR) and Uttarakhand. In the past, we have been successful at expanding in a contiguous manner covering geographies within our neighboring states.

Collections Infrastructure

As on 31 March 2022, we have over 1,000 people as a part of a dedicated collections team. Building a strong collections infrastructure is the backbone of our business. Adequate and timely investment in this segment continues to be our priority. Our asset quality is partly a reflection of our robust collection management system. Several external factors such as geography, delinquency, products, customer repayment history along with internal factors like our own collection strategy play an important role.

The pandemic required us to adapt with agility and implement a strategy that is aligned with the situation on the ground – evolving, unprecedented with lot of unknowns. During the year, we prioritized collections by channelizing the support of our sales teams towards collections. This fungibility within our team provides us great flexibility especially during testing time like during the first quarter which was impacted due to the second wave of the pandemic. Our core team needed higher personal connect with the customers requiring strong local touch point.

Our collections infrastructure has adequate triggers to detect early delinquencies (delinquencies occurring in the first 12 months of disbursal) and subsequent delinquencies with the responsibilities of the business and collections very well defined.

Our analytics-driven pre-delinquency management process helped us in identifying delinquent cases early and create a differentiated approach whereby the sales executives and collections executive have adequate data to pursue these customers in a timely manner.

We also have a strong tele-calling team who regularly connects with customers and educates them on the impact of defaulting on EMI payments.

4. Opportunities

- **Business outlook**

As the pandemic-led disruption recedes and the economy revives supported by the Government’s focus on pushing consumption growth in the economy, demand for commercial vehicles is likely to increase. FY20 and FY21 witnessed a good growth in e-commerce segments buoyed by the increase in demand due to a shift from offline to online in segments. The rapid increase in online sellers, steady addition of new e-commerce platforms, and increasing number of transporters entering the logistics business will further boost the demand for commercial vehicles in the country.

India has predominantly been an agricultural economy with 58% of the population still depending on agriculture as their main source of livelihood. Further, farm mechanisation through tractors can prove to be game changer for the Indian agricultural economy. With rising consumption on account of increasing population and government’s focus on becoming self-sufficient, opportunity for the growth of agriculture and allied activities in the country is abundant. To add to this, the dual use of tractors makes it fungible, as it can be used throughout the year even during the non-harvest period.

The MSME sector is considered the backbone of the Indian economy and has contributed substantially to the socio-economic development of the nation by generating employment opportunities and supporting the development of backward and rural areas. Several projections have shown that a large section of MSMEs do not have access to formal lines of credit.

The Association of Chartered Certified Accountants, in a 2021 report, says that MSME growth in India 'faces several issues due to a lack of access to low-cost formal credit from traditional sources such as banks.' With special focus of the government on the sector and improving domestic economy, this sector is well placed to thrive in the near future.

- **Technology**

  NBFCs are focusing on developing innovative products and catering low income, urban and rural customers in unorganised sectors. With the impact of pandemic led disruption, technology has played a pivotal role in sustaining business models and also helping it to adapt in the constantly disrupting environment. Continuous and sustained investments in technologies help the organisation to thrive any business thereby improving business efficiencies and opens multiple other avenues of further business opportunities.

- **Co-lending**

  Co-lending acts as a brilliant partnership between banks and NBFCs to bring about synergies and new business opportunities for both. NBFCs collaborate with banks and other organizations to offer multiple products to the underserved and unserved markets. It leads to consumption growth and acts as an excellent way of spreading risk both for the banks as well as for the NBFCs. With the advent of many new age businesses, newer business opportunities have come to the fore. Co-lending provides an excellent opportunity to leverage the existing infrastructure and launch products which are customised to the needs of the customers without taking significant balance sheet risks. We continue to explore opportunities in this segment.

5. Threats

- **Geopolitical tension**

  As we closed the fiscal year, geopolitical tensions in Europe brought significant uncertainty to global economy when the economy was in the recovery mode post pandemic. The Russia – Ukraine conflict continues to remain an overhang on the global economic outlook. Huge loss of life may result in significant humanitarian support to those affected. Russia and Ukraine both being major commodity producers have also affected commodity prices, especially that of oil and natural gas which is one of the biggest cost on India's exchequer. Early resolution to this conflict will be paramount to the outlook of global economy.

- **Recurring waves of COVID-19**

  Any further disruptions due to the pandemic will be closely observed. The third wave of the pandemic was not so fatal and thereby did not affect the economy in a major way. Having said that, newer mutations will continue to be a threat which the governments around the world are closely monitoring the situation. In India, the government has been greatly responsive by organising inoculation drives over the last 12-15 months covering majority of the population in the country. Proactive steps taken by the country's leadership will be paramount in averting any new risks arising out of the pandemic.

6. Business highlights

The key operational highlights of 2021-22 are:

- Despite the challenges of the year, we continue show healthy growth. We have expanded our presence from 7 states to 10 states and the number of branches increased from 345 as on 31st March 2021 to 423 as on 31st March 2022.
- The year also saw Series E and F fundraising of about ₹487 crore. The current investment will enable the company to continue its growth trajectory and further strengthen the leadership position built over the years.
- Total income increased to ₹821 crore in FY22 from ₹682 crore in FY21, an 20 % growth due to improved economic activity, minimal impact of second and third lockdown, expansion in new geographies, opening of new branches and improved efficiency.
- Assets Under Management (AUM) reached ₹4,714 crore in FY22 from ₹3,417 crore in FY21, an increase of 38%.
- Disbursement increased 97%, reaching ₹3,226 crore in FY22 from ₹1,631 crore in FY21
- Cost of Fund stood at 9.23% in FY22 against 10.22% in FY21.
- Credit cost stood at 0.42% in 2021-22 against 3.11% in 2020-21.
- PAT increased to ₹143 crore in FY22 from ₹91 crore in FY21, an increase of 57%, driven by improved disbursement, cost of fund and credit cost.
- Total customer base crossed to 2,33,635.
- Increased employee base to 6,703 as on 31st March, 2022, as against 5,176 as on 31st March, 2021.

7. Financial highlights

The following table presents the Company's financial performance for FY22

(₹ in lakhs)

Particulars	2021-22	2020-21
Total Revenue	82,068.72	68,249.13
Operating Expenses	67.520.96	51,418.31
Provision		
a. For NPA	(2629.87)	2,551.09
b. for standard assets	(582.69)	1,938.07
Profit before tax	17,760.32	12,341.65
Tax expenses		
a. Current Year	3,643.65	4,295.40
b. Earlier Year Taxes	(4,65.56)	895.34
c. Deferred Tax	294.82	(1,957.50)
Profit after tax	14,287.41	9,108.41
Other comprehensive income/(expenses)	(72.33)	3.40
Total comprehensive income after tax	14,215.08	9,111.81
Appropriation		
a. Dividend	-	-
b. Tax on Dividend	-	-
c. Transfer to statutory reserve	2,857.48	1,821.68
Earnings per share		
Basic	50.47	36.14
Diluted	49.85	35.80

Your Company posted total income and net profit of ₹821 crore and ₹143 crore, respectively, for the financial year ended March 31, 2022, as against ₹682 crore and ₹91 crore respectively, in the previous year. The Company is consistently growing and achieved significant growth of 20% and 57% in the income and profit respectively for the financial year ended March 31, 2022 as compared to previous financial year.

Following are the key indicators which shows that the company has performed exceptionally well in the financial year 2021-22:

(₹ in lakhs)

S.No	Particulars	2021-22	2020-21
1	Total Income (including exceptional items)	82,068.72	68,249.13
2	Net Interest Income	42,843.84	34,817.93
3	Capital Adequacy Ratio	30.42%	27.67%
4	Assets Under Management	4,71, 425.54	3,41,716.89
5	Securitization done during the year	26,292.46	31,523.32

The Company, in order to cover the contingencies that may arise due to COVID–19 pandemic, has incorporated the management overlays in the impairment loss provisions and accordingly made higher provisions towards impairment loss.

Ratios where there has been a significant change from financial year 2020-21 to financial year 2021-22:

(₹ in lakhs)

S.No	Particulars	2021-22	2020-21
1	Interest Coverage Ratio	1.51	1.42
2	Current Ratio	1.41	1.65
3	Debt Equity Ratio	2.90	3.47
4	Operating Profit Margin	65.83%	62.47%
5	Net Profit Margin	17.32%	13.35%

8. Risk management

Credit risk arises as a result of failure or unwillingness on the part of customers or counterparties to fulfil their contractual obligations and is defined as the possibility of losses associated with diminution in the credit quality of borrowers or counterparties. Credit risk framework is defined by Credit policies and product policies that sets out the principles and control requirements under which credit is extended to customers in various business verticals. The policies and standards cover all stages of the credit cycle including origination; credit approval; documentation, administration, monitoring and recovery. The Company has laid down prudential limits and caps on various aspects to control the magnitude of credit risk. Rigorous risk reporting and controlling mechanism is prevalent across the organisation. Loan administration and monitoring is carried out through Portfolio Profiling, Early Warning Framework, Rapid Portfolio Review and Annual Monitoring of High Value Customers. The Credit culture of the Company mandates that lending is based on credit analysis, with full understanding of the purpose of the loan and is commensurate to customer financials and ability to repay from business operations. Off balance sheet transactions are subjected to the same rigorous credit analysis as on balance sheet transactions.

Appropriate levels of collateralisation is obtained based upon the nature of the transaction and the credit quality of the borrower. Despite the challenging environment of pandemic, the Company's performance has been extremely resilient being able to keep its asset quality in check and strengthen its balance sheet. Portfolio performance has improved backed by strong asset quality through robust credit underwriting. Seasoned through the pandemic, credit and underwriting policies have evolved considering on ground situation to control and maintain the asset quality. The company is hopeful that with the ongoing vaccination drive, and actions taken by the Government situation will stabilise in the near future.

The Board of Directors have constituted a Risk Management Committee consisting of Directors and Senior Officials. A periodical review of the risk management policy, risk management plan and implementing and monitoring the risk management plan whereby mitigation of the key risks is regularly followed. The Risk owners are accountable to the Risk Committee for identifying, assessing, aggregating, reporting, and monitoring the risk related to their respective areas/functions. We have taken Directors and Officers insurance policy cover to mitigate legal risks to directors.

i. Interest Rate Risk

Interest Rate Risk ('IRR') reflects the Company's financial condition to adverse movements in interest rates. The changes in interest rates affect a company's earnings by changing its Net Interest Income (NII). Asset-Liability Management Committee (ALCO) is a decision-making management committee responsible for balance sheet planning in the Company from a risk return perspective including strategic management of interest rate and liquidity risks. The funding strategy is tailored in such a way that repricing of borrowings can be offset by repricing the loans. Earnings Impact using traditional Gap Analysis measures the level of the Company's exposure to interest rate risk in terms of sensitivity of its NII to interest rate movements over the horizon of analysis.

ii. Credit Risk

Credit Risk is defined as the possibility of losses associated with the diminution in the credit quality of borrowers or counterparties from outright default or from reduction in portfolio value. The product programs for each of the products define the target markets, credit philosophy, process, underwriting criteria for evaluating individual credits, exception reporting systems, individual loan exposure caps and other factors. For individual customers to be eligible for a loan, minimum credit parameters are to be met for each product and any deviations must be approved at designated levels. Credit framework encompasses parameters at different stages of the portfolio lifecycle-from acquisitions till write offs. Thresholds are defined using historical data for each parameter at the product level identifying "stress" period for the product lifecycle. This framework is then aggregated at the portfolio level. Exposures are monitored against approved limits to guard against unacceptable risk concentrations. Concentration is also monitored in geographic locations in the retail portfolio, delinquency trends, types of credit facilities and collaterals.

iii. Liquidity Risk

Liquidity Risk is the risk that a Company may not be able to meet its short-term financial obligations due to an asset–liability mismatch or interest rate fluctuations. The Board of Directors have delegated the responsibility for ongoing balance sheet Liquidity Risk management to the Asset-Liability Management Committee (ALCO). The ALCO reviews the NIM (Net Interest Margin), maturity profile and mix of your company's assets and liabilities. It articulates the interest rate view and decides on future business strategy with respect to interest rates.

iv. Asset risk

The selling price of a re-possessed asset may be less than the total amount of loan and interest outstanding in such borrowing, and we may be unable to realise the full amount lent to our customers due to such a decrease in the value of the collateral. We may also face certain practical and execution difficulties during the process of seizing collateral. We engage experienced repossession agents to repossess assets of defaulting customers. We ensure that these repossession agents follow legal procedures and take appropriate care in dealing with customers for seizing assets.

v. Business Risk

Business risks are risks that affect or are created by an organisation's business strategy and strategic objectives. Your Company's management of this risk is guided by diversification in its business through various product, customer segments and geographies, balanced growth while maintaining asset liability balance, prudent provisioning by providing for bad assets.

vi. Compliance Risk

Compliance risk is exposure to legal penalties, financial forfeiture and material loss an organisation faces when it fails to act in accordance with industry laws and regulations, internal policies or prescribed best practices. We have a Corporate Governance Policy to ensure highest standards of compliance. The focus is on identifying and reducing risk by rigorous testing and also putting in place robust internal policies. Products and processes are reviewed for adherence to regulatory norms prior to rollout. Internal policies are reviewed and updated periodically as per agreed frequency or based on market action or regulatory guidelines/action.

vii. Reputation Risk:

Trust is the foundation for the financial service industry and is critical to building a strong customer franchise. Reputation risk is the risk of current or prospective loss arising from stakeholder's adverse experience while dealing with the institution or which resulted in an adverse perception / loss of Trust on the institution. Reputation Risk most often results from the poor management of other risks and can arise from a variety of sources including direct sources like poor financial performance, poor governance and indirect sources like increased operational risk or control failures. The company manages this through a strict code of conduct policy for its employees, good corporate governance policies and an effective customer grievance mechanism.

viii. Technology Risk:

Technology is rapidly changing the way financial services entities operate and is a key disruptor for the industry. The focus of SK Finance continues to be on digital and is aimed at leveraging digital technology to provide a best in class experience for its customers while simultaneously enhancing productivity and risk management. A layered technology architecture is implemented to manage risks due to system failures, cyber-attacks etc. Effective access control mechanism is a key technology control to prevent unauthorised access. Technology and Operational controls are implemented to manage privileged access to systems. Cyber threats and the associated risks in the external environment have increased and the company works continuously to improve processes and controls to mitigate these risks. Cyber resilience framework is being established to mitigate the threats such as data breaches, malware, Cyber attacks etc.

9. Internal control systems and their adequacy

The Company has adequate internal controls, driven through various policies and procedures which are reviewed periodically, across all processes, units and functions. Business credit teams have the ears on the ground and have built-in processes to identify new risks and mitigate the identified risks. Senior officers of the operating and business units, also monitor the mitigating measures taken. The company has various executive-level committees, with participation from various business and control functions that are designed to review and oversee critical aspects of NBFC's operations. The control functions set the standards and lay down policies and procedures by which the functions manage risks including compliance with regulatory guidelines & applicable laws, adherence to operational controls and relevant standards of conduct. The Company has implemented required controls through systems and processes ensuring a robust control framework. The Company has Internal Audit function which is responsible for independently evaluating the adequacy and effectiveness of all internal controls, Information Security controls, Risk management, Governance systems and processes. The Audit Committee of the Board also reviews the performance of the Audit and Compliance functions and reviews the effectiveness of controls and compliance with regulatory guidelines.

10. Information technology and IT security

Technology is at the core of the business. Investing in cutting edge technology for both infrastructure and applications recognising the importance of building capabilities focused on providing improved customer experience, increasing employee productivity, improving operational performance, capabilities for superior regulatory compliance and proactive risk management. Key pillars of our investment strategy in technology include

1. Digitisation:

With various digitization initiatives we are empowering all verticals. The driving factor is continuous enhancements of internal processes; thus bringing in improved productivity.

2. Security:

We are committed to all stakeholders and assure them that 'your business is safe with us'. With robust and well-planned security systems enabled with our new-age tech, we are ensuring security for all our systems and equipments.

3. Artificial Intelligence and Analytics:

We are enabling Artificial Intelligence (AI) and Robotics as part of our workforce to drive better productivity and user experience. This is helping us to serve our customers and employees better. In parallel, machine learning (ML) based analytics is brought in to support our credit, collections and customer relationships teams.

4. Mobility:

Looking at the internet connectivity and smart phone penetration, we see a great opportunity to enable our customers, partners and employees with right mobility-first solutions to drive anytime anywhere work/ service culture.

Since the start of the pandemic, the foremost challenge was to continue critical operations which was only possible with the help of technology to ensure business continuity.

Over the last couple of years, with a series of focused plan and adequate investments, we have managed to ensure stability in business operations with the help of technology. The digital technology footprint implemented during the previous years, helped business users and service our customers effectively improving customer experience.

Thrust continues to be put on evolving our systems and processes in a manner to ensure business continuity and improvement of systems and processes with the end goal to improve customer experience.

11. HUMAN RESOURCES

SK Finance prides itself in having a work culture that is transparent, solution-centric and growth oriented. The global pandemic had tested our resilience, bringing with it a lot of 'firsts' and we swiftly adapted to the 'new normals'. Given our high focus on digital transformation, our transition to remote working was seamless during times of the lockdown and disruptions. We moved many processes to the digital platform providing ease and convenience, engaging our workforce and helping our businesses move up the curve faster.

We believe that our people are our biggest assets. Our workforce has a right blend of youth and experience and the success of our organisation is based on the capability, passion and integrity of our people. There is a high premium placed on internal growth which has enabled us to have a stable mid and senior management team over the last many years. We conduct an array of online engagement activities and encourage our employees to acquire newer skills and we have created platforms to interact with peers across the country that enables growth by sharing best practices and learnings.

Our Senior Leadership Team communicates its vision to the team on ground, which creates a sense of collective action within our employees towards a common goal.

As on March 31, 2022, the Company had 6,703 employees as compared to 5,176 as on March 31, 2021.

For And On Behalf of the Board
For SK Finance Limited
(Formerly Known As Ess Kay Fincorp Limited)

Rajendra Kumar Setia
Managing Director
DIN: 00957374

Shalini Setia
Whole Time Director
DIN: 02817624

Jaipur
20th May, 2022
Regd. Address: G 1-2, New Market, Khasa Kothi,
Jaipur – 302001 (Rajasthan)
Website: www.skfin.in Email: info@skfin.in

CAUTIONARY NOTE

Statements made in this Annual Report may contain certain forward looking statements, which are tentative, based on various assumptions of the Company's' present and future business strategies and the environment in which we operate. Actual results may differ substantially or materially from those expressed or implied due to risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India and internationally, volatility in interest rates and in the securities market, new regulations and Government policies that may impact the Company's businesses as well as the ability to implement its strategies. The information contained herein is as of the date referenced and the Company does not undertake any obligation to update these statements.

Financial Statements

Independent Auditor's Report

To the Members of SK Finance Limited (Formerly, Ess Kay Fincorp Limited)

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of SK Finance Limited ("the Company", Formerly, Ess Kay Fincorp Limited), which comprise the Balance sheet as at March 31 2022, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, its profit including other comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

	Key audit matters	How our audit addressed the key audit matter
(a)	**Impairment of loans as at the balance sheet date (expected credit losses)** (as described in note 2(H) of the Ind AS financial statements)	
	Ind AS 109: Financial Instruments ("Ind AS 109") requires the Company to provide for impairment of its Loans using the Expected Credit Losses ("ECL") approach. ECL involves an estimation of probability weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions and other factors which could impact the credit quality of the Corporation's loans. In the process, a significant degree of judgement has been applied by the management for:	**Our audit procedures included the following:** • Considered the Company's accounting policies for impairment of loans and assessed compliance with the policies in terms of Ind AS 109: Financial Instruments and the governance framework approved by the Board of Directors pursuant to Reserve Bank of India guidelines issued on March 13, 2020, ("the RBI Guidelines"). • Read and assessed the Company's policy with respect to one-time restructuring offered to customers pursuant to the "Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses" issued by RBI on May 5, 2021 and tested the implementation of such policy on a sample basis.

Independent Auditor's Report

Key audit matters	How our audit addressed the key audit matter
a) Defining qualitative/ quantitative thresholds for 'significant increase in credit risk' ("SICR") and 'default'. b) Grouping of borrowers (retail loan portfolio) based on homogeneity for estimating probability of default ('PD'), loss given default ('LGD') and exposure at default ('EAD') on a collective basis; c) Determining effect of less frequent past events on future probability of default. d) Determining macro-economic factors impacting credit quality of loans. **lAdditional consideration on account of COVID-19** Pursuant to the Reserve Bank of India circular dated May 5, 2021 for "Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses" allowing lending institutions to implement a resolution plan in respect of its eligible exposures, subject to specified conditions, the Company has restructured the loans given to its borrowers in accordance with its Board approved policy. The Company has recorded a management overlay as part of its ECL, to reflect among other things an increased risk of deterioration in macro-economic factors caused by COVID-19 pandemic. Given the unique nature of the pandemic and the extent of its economic impact which depends on future developments including governmental and regulatory measures and the Company's responses thereto, the actual credit loss can be different than that being estimated. In view of the high degree of management's judgement involved in estimation of ECL, accentuated by the COVID-19 pandemic, impairment of loans as at the balance sheet date (including provision for expected credit losses) is a key audit matter.	• Evaluated the reasonableness of the management estimates by understanding the process of ECL estimation and related assumptions and tested the controls around extraction, validation and computation of the input data used. • Assessed the criteria for staging of loans based on their past-due status to check compliance with requirement of Ind AS 109. Tested a sample of performing (stage 1) loans to assess whether any SICR or loss indicators were present requiring them to be classified under stage 2 (i.e. default in repayment is within the range of 31 to 90 days) or stage or 3 (i.e. the default in repayment is more than 90 days). • Involved internal experts for testing of the ECL model and computation, including factors that affect the PD, LGD and EAD considering various forward looking, micro and macro-economic factors. • Tested the arithmetical accuracy of computation of ECL provision performed by the Company. • Tested assumptions used by the management in determining the overlay for macro-economic factors (including COVID-19 pandemic) pursuant to RBI Guidelines. • Assessed the adequacy of disclosures included in the financial statements in respect of expected credit losses with the requirements of Ind AS 107 and 109 including specific disclosures made in the financial statements with regards to the impact of CoVID-19 on ECL estimation.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting

Independent Auditor's Report

Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the

Independent Auditor's Report

financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The financial statements of the Company for the year ended March 31, 2021, included in these financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 5, 2021.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) With respect to the adequacy of the internal financial controls with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (g) In our opinion, the managerial remuneration for the year ended March 31, 2022 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

   (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 38 to the financial statements;

      ii. The Company has made provisions, as required under the applicable laws or accounting standard, for material foreseeable losses, if any on long-term contracts including derivative contracts. Refer Note 51 to the financial statements;

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

      iv. a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 87(x) to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"),

Independent Auditor's Report

with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 87(x) to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

v. No dividend has been declared or paid during the year by the Company.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per **Amit Kabra**
Partner
Membership Number: 094533 UDIN: 22094533AJHBIL7736
Place of Signature: Jaipur Date: 20 May 2022

Annexure 1 referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

Re: SK Finance Limited

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(i) (a) (B) The Company has maintained proper records showing full particulars of intangibles assets recognized in the financial statements.

(i) (b) All Property, Plant and Equipment were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years which is reasonable having regard to the size of the Company and the nature of its assets.

(i) (c) The title deeds of all the immovable properties (other than properties where the Company is the lessee, and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.

(i) (d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2022.

(i) (e) There are no proceedings initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended) and rules made thereunder.

(ii) (a) The Company's business does not require maintenance of inventories and, accordingly, the requirement to report on clause 3(ii)(a) of the Order is not applicable to the Company.

(ii) (b) The Company has been sanctioned working capital limits in excess of ₹ 5 crores in aggregate by banks or financial institutions. However, such loans are either unsecured or secured by way of negative lien over assets of the Company. Accordingly, the requirement to report on clause 3(ii)(b) of the Order is not applicable to the Company.

(iii) (a) Since, the Company's principal business is to give loans and accordingly, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the Company.

(iii) (b) During the year the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees to companies, firms, Limited Liability Partnerships or any other parties are not prejudicial to the Company's interest.

(iii) (c) In respect of loans and advances in the nature of loans, granted by the Company as part of its business of providing loans, the schedule of repayment of principal and payment of interest has been stipulated by the Company.

Having regard to the voluminous nature of loan transactions, it is not practicable to furnish entity-wise details of amount, due date for repayment or receipt and the extent of delay (as suggested in the Guidance Note on CARO 2020, issued by the Institute of Chartered Accountants of India for reporting under this clause), in respect of loans and advances which were not repaid / paid when they were due or were repaid / paid with a delay, in the normal course of lending business.

Further, except for loans where there are delays or defaults in repayment of principal and / or interest as at the balance sheet date, in respect of which the Company has disclosed asset classification in note 44 to the financial statements in accordance with Indian Accounting Standards (Ind AS) and the guidelines issued by the Reserve Bank of India, the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest, as applicable.

(iii) (d) In respect of loans and advances in the nature of loans, the total amount overdue for more than ninety days as at March 31, 2022 and the details of the number of such cases, are disclosed in note 44 to the financial statements. In such instances, in our opinion, reasonable steps have been taken by the Company for recovery of the overdue amount of principal and interest.

Annexure 1 referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date

(iii) (e) Since, the Company's principal business is to give loans and accordingly, the requirement to report on clause 3(iii)(e) of the Order is not applicable to the Company.

(iii) (f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.

(iv) There are no loans, investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

(vi) The Company is not in the business of sale of any goods or provision of such services as prescribed. Accordingly, the requirement to report on clause 3(vi) of the Order is not applicable to the Company.

(vii) (a) Undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, cess and other statutory dues, as applicable to the Company have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. The provisions relating to sales tax, service tax, duty of customs, duty of excise, value added tax and cess are not applicable to the Company.

According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(vii) (b) The dues of goods and service tax, provident fund, employees' state insurance, income tax, sales tax, service tax, duty of custom, duty of excise, value added tax, cess, and other statutory dues as applicable to the Company, which have not been deposited on account of any dispute, are as follows:

Name of the statute	Nature of the disputed dues	Amount under dispute (₹ in lacs)	Amount paid* (₹ In lacs)	Period to which the amount relates	Forum where the dispute is pending
Finance Act, 1994	Service tax	446.89	30.46	FY 2015-18	Custom, Excise, Income Tax Appellate Tribunal
Finance Act, 1994	Service tax	550.37	20.63	FY 2009-15	Custom, Excise, Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	33.46	-	FY 2019-20	Commissioner of income-tax (Appeals)**

*paid under protest

**Appeal has been filed on April 23, 2022

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.

(ix) (b) The Company has not been declared as a wilful defaulter by any bank or financial institution or other lender during the year.

(ix) (c) Money raised during the year by the Company by way of term loans has been applied for the purpose for which they were raised other than temporary deployment pending application of proceeds.

Annexure 1 referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date

(ix) (d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes during the year by the Company.

(ix) (e) The Company does not have any subsidiary, associate or joint venture.

Accordingly, the requirement to report on clause 3(ix)(e) of the Order is not applicable to the Company.

(ix) (f) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on Clause 3(ix)(f) of the Order is not applicable to the Company.

(x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(x) (b) The Company has complied with provisions of sections 42 and 62 of the Companies Act, 2013 in respect of the preferential allotment or private placement of shares/ fully or partially or optionally convertible debentures respectively during the year. The funds raised, have been used for the purposes for which the funds were raised.

(xi) (a) No fraud by the Company or no fraud on the Company has been noticed or reported during the year.

(xi) (b) During the year and up to the date of this report, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by secretarial auditor or by predecessor auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(xi) (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii) of the Order is not applicable to the Company.

(xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details of such transactions have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.

(xiv) (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi) (a) The Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934).

(xvi) (b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtained a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(xvi) (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

(xvi) (d) There are no other Companies part of the Group, hence, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

(xvii) The Company has not incurred cash losses in the current financial year or the immediately preceding financial year.

(xviii) The previous statutory auditors of the Company have resigned during the year pursuant to the requirements of the Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021, issued by the Reserve Bank of India, and there are no issues, objections or concerns raised by the outgoing auditors.

Annexure 1 referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date

(xix) On the basis of the financial ratios disclosed in note 79 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act, 2013 (the "Act"), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 37 to the financial statements.

(xx) (b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in note 37 to the financial statements.

(xxi) The Company doesn't have any subsidiary, Associate or Joint Venture. Accordingly, the requirement to report on clause 3(xxi) of the Order is not applicable to the Company.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per **Amit Kabra**
Partner
Membership Number: 094533 UDIN: 22094533AJHBIL7736
Place of Signature: Jaipur Date: 20 May 2022

Annexure 2 referred to in paragraph 2(f) under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to these financial statements of SK Finance Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to these financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these financial statements.

Meaning of Internal Financial Controls With Reference to these Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to these financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected.

Annexure 2 referred to in paragraph 2(f) under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date

Also, projections of any evaluation of the internal financial controls with reference to these financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to these financial statements and such internal financial controls with reference to these financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per **Amit Kabra**
Partner
Membership Number: 094533 UDIN: 22094533AJHBIL7736
Place of Signature: Jaipur Date: 20 May 2022

Balance Sheet

As at March 31, 2022

(₹ in lakhs)

Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
ASSETS			
Financial assets			
Cash and cash equivalents	4	17,455.85	23,331.49
Bank balance other than cash and cash equivalents	5	44,334.54	38,510.14
Derivative financial instrument	6	479.57	-
Receivables			
Other receivables	7	223.11	447.30
Loans	8	4,64,330.19	3,27,989.60
Investments	9	78,184.25	25,887.65
Other financial assets	10	3,515.48	3,914.07
Total financial assets		**6,08,522.99**	**4,20,080.25**
Non-financial assets			
Current tax assets (net)		1,002.66	30.86
Deferred tax assets (net)	34	3,617.78	3,888.27
Property, plant and equipment	11	9,737.78	5,601.55
Capital work-in-progress	12	-	42.85
Intangible assets under development	13	16.43	89.35
Other intangible assets	14	583.66	118.15
Other non-financial assets	15	423.56	351.97
Total non-financial assets		**15,381.87**	**10,123.00**
Total assets		**6,23,904.86**	**4,30,203.25**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Derivative financial instruments	6	52.36	50.59
Debt securities	16	1,47,357.91	1,52,032.09
Borrowings (other than debt securities)	17	3,00,378.15	1,66,373.79
Subordinated liabilities	18	2,036.64	4,029.39
Other financial liabilities	19	12,749.12	8,739.51
Total financial liabilities		**4,62,574.18**	**3,31,225.37**
Non-financial liabilities			
Current tax liabilities (net)		-	657.82
Provisions	20	862.67	553.71
Other non-financial liabilities	21	824.12	618.64
Total non-financial liabilities		**1,686.79**	**1,830.17**
EQUITY			
Equity share capital	22	581.66	521.78
Other equity	23	1,59,062.23	96,625.93
Total equity		**1,59,643.89**	**97,147.71**
Total liabilities and equity		**6,23,904.86**	**4,30,203.25**
Significant accounting policies	1-3		

The accompanying notes form an integral part of the financial statements.
As per our report of even date attached

For **S.R. BATLIBOI & ASSOCIATES LLP**
Chartered Accountants
Firm Registration No: 101049W/E300004

Amit Kabra
Partner
ICAI Membership No. 094533

Place : Jaipur
Date : May 20, 2022

For and on behalf of the Board of Directors of
SK Finance Limited

Rajendra Kumar Setia
(Managing Director)
DIN - 00957374

Shalini Setia
(Whole Time Director)
DIN - 02817624

Atul Arora
(Chief Financial Officer)

Anagha Bangur
(Company Secretary)
Membership No.: F10697

Place : Jaipur
Date : May 20, 2022

Statement of Profit and Loss

For the year ended March 31, 2022

(₹ in lakhs)

Particulars	Note No.	For the year ended March 31, 2022	For the year ended March 31, 2021
Revenue from operation			
Interest income	24	77,525.35	64,519.20
Fees and commission income	25	2,473.54	1,450.64
Net gain on fair value changes	26	1,439.34	1,315.84
(I) Total revenue from operations		**81,438.23**	**67,285.68**
(II) Other income	27	630.49	963.45
(III) Total income (I+II)		**82,068.72**	**68,249.13**
Expenses			
Finance costs	28	34,681.51	29,701.27
Impairment on financial instruments	29	1,628.53	9,278.75
Employee benefit expenses	30	20,492.17	11,933.99
Depreciation and amortization	31	1,581.42	1,133.31
Other expenses	32	5,924.77	3,860.16
(IV) Total expenses		**64,308.40**	**55,907.48**
(V) Profit before tax (III-IV)		**17,760.32**	**12,341.65**
(VI) Tax expense	34		
(1) Current tax		3,643.65	4,295.40
(2) Tax related to earlier years		(465.56)	895.34
(3) Deferred tax		294.82	(1,957.50)
Total tax expense		**3,472.91**	**3,233.24**
(VII) Profit for the year (V-VI)		**14,287.41**	**9,108.41**
(VIII) Other comprehensive income	34		
Items that will not be reclassified to profit or loss			
- Remeasurements of the defined benefit plans		(96.66)	4.55
Income tax relating to items that will not be reclassified to profit or loss		24.33	(1.15)
Other comprehensive income		(72.33)	3.40
(IX) Total comprehensive income for the year (VII+VIII) (comprising profit and other comprehensive income for the year)		**14,215.08**	**9,111.81**
(X) Earnings per equity share	35		
Basic (₹)		50.47	36.14
Diluted (₹)		49.85	35.80
Significant accounting policies	1-3		

The accompanying notes form an integral part of the financial statements.
As per our report of even date attached

For **S.R. BATLIBOI & ASSOCIATES LLP**
Chartered Accountants
Firm Registration No: 101049W/E300004

Amit Kabra
Partner
ICAI Membership No. 094533

Place : Jaipur
Date : May 20, 2022

For and on behalf of the Board of Directors of
SK Finance Limited

Rajendra Kumar Setia
(Managing Director)
DIN - 00957374

Shalini Setia
(Whole Time Director)
DIN - 02817624

Atul Arora
(Chief Financial Officer)

Anagha Bangur
(Company Secretary)
Membership No.: F10697

Place : Jaipur
Date : May 20, 2022

Statement of Cash Flow

For the year ended March 31, 2022

(₹ in lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Cash flow from operating activities		
Profit before tax	17,760.32	12,341.65
Adjustments for:		
Loss on sale of fixed asset	22.38	20.45
Finance cost incurred	34,681.51	29,701.27
Interest income	(77,525.35)	(65,388.40)
(Gain)/loss on direct assignment transaction	575.02	(111.33)
Net gain on investments and derivatives	(1,336.33)	(814.64)
Impairment on financial instruments	1,628.53	9,278.75
Employee share based payment expenses	71.99	133.45
Depreciation and amortization	1,581.42	1,133.31
	(22,540.51)	**(13,705.49)**
Cash inflow from interest on loans	74,771.52	60,840.52
Cash outflow towards finance cost	(35,197.70)	(30,429.96)
Cash generated from operation before working capital changes	**17,033.31**	**16,705.07**
Working capital changes:		
(Increase)/decrease in trade receivables	224.19	(447.00)
Increase in loans	(1,37,822.25)	(49,473.24)
Increase in other financial assets	(582.37)	(659.78)
Decrease/(increase) in other non-financial assets	(71.59)	85.41
Increase in other financial liabilities	4,415.55	1,846.16
(Decrease)/increase in provisions	212.30	(181.77)
Increase in other non-financial liabilities	205.48	268.80
	(1,16,385.38)	**(31,856.35)**
Direct taxes paid (net of refunds)	(4,807.71)	(4,772.37)
Net cash used in operating activities (A)	**(1,21,193.09)**	**(36,628.72)**
Cash flow from investing activities		
Purchase of property plant and equipment, capital work in progress and other intangible assets	(6,107.30)	(2,423.03)
Proceeds from sale of property plant and equipment	17.53	27.62
Investment in Fixed deposits	(49,844.50)	(1,00,399.13)
Proceeds from redemption of fixed deposits	46,627.06	1,00,687.81
Purchase of Investments	(3,88,680.92)	(45,432.14)
Proceeds from redemptions of investments	3,37,720.65	34,196.03
Net cash used in investing activities (B)	**(60,267.48)**	**(13,342.84)**

Statement of Cash Flow

For the year ended March 31, 2022

(₹ in lakhs)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Cash flow from financing activities		
Proceeds from issue of shares including securities premium	48,209.11	29.70
Debt securities issued	18,500.00	1,01,830.00
Debt securities repaid	(24,252.34)	(75,986.81)
Borrowings other than debt securities taken	1,86,377.50	1,46,464.27
Borrowings other than debt securities repaid	(53,249.34)	(1,05,270.96)
Net cash generated from financing activities (C)	**1,75,584.93**	**67,066.20**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(5,875.64)	17,094.64
Add : cash and cash equivalents as at the beginning of the year	23,331.49	6,236.85
Cash and cash equivalents as at the end of the year*	**17,455.85**	**23,331.49**
*Components of cash and cash equivalents		
Balances with banks	15,676.26	5,869.11
Fixed deposits on hand	800.53	16,696.46
Cash on hand	979.06	765.92
	17,455.85	**23,331.49**

Change in liabilities arising from financing activities

(₹ in lakhs)

Particulars	As at April 1, 2020	Issued/ taken	Repaid	Non-cash changes	As at March 31, 2021	Issued/ taken	Repaid	Non-cash changes	As at March 31, 2022
Debt securities	1,26,014.13	1,01,830.00	(75,986.81)	174.77	1,52,032.09	18,500.00	(24,252.34)	1,078.16	1,47,357.91
Borrowings (other than debt securities)	1,25,571.17	1,46,464.27	(1,05,109.15)	(552.50)	1,66,373.79	1,86,377.50	(51,836.12)	(537.02)	3,00,378.15
Subordinated liabilities	4,047.72	-	(161.82)	143.49	4,029.39	-	(1,413.22)	(579.53)	2,036.64
Total	**2,55,633.02**	**2,48,294.27**	**(1,81,257.78)**	**(234.24)**	**3,22,435.27**	**2,04,877.50**	**(77,501.68)**	**(38.39)**	**4,49,772.70**

The above cash flow statement has been prepared under the 'indirect method' as set out in Ind AS 7 - 'Statement of cash flows'.
The accompanying notes form an integral part of the financial statements.
As per our report of even date attached

For **S.R. BATLIBOI & ASSOCIATES LLP**
Chartered Accountants
Firm Registration No: 101049W/E300004

For and on behalf of the Board of Directors of
SK Finance Limited

Amit Kabra
Partner
ICAI Membership No. 094533

Rajendra Kumar Setia
(Managing Director)
DIN - 00957374

Shalini Setia
(Whole Time Director)
DIN - 02817624

Atul Arora
(Chief Financial Officer)

Anagha Bangur
(Company Secretary)
Membership No.: F10697

Place : Jaipur
Date : May 20, 2022

Place : Jaipur
Date : May 20, 2022

Statement of Changes in Equity

For the year ended March 31, 2022

A. Equity share capital

Particulars	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the reporting year	521.78	503.90
Changes in equity share capital during the year	59.88	17.88
Balance at the end of the reporting year	**581.66**	**521.78**

Equity share capital

Particulars	As at March 31, 2022		As at March 31, 2021	
Equity shares of ₹ 2 each issued, subscribed and fully paid	Number	Amount	Number	Amount
Balance at the beginning of the reporting year	2,51,98,589	503.97	2,51,94,839	503.90
Changes in Equity Share Capital due to prior period errors	-	-	-	-
Restated balance at the beginning of the current/previous year	2,51,98,589	503.97	2,51,94,839	503.90
Changes in equity share capital during the year	29,94,219	59.88	3,750	0.07
Balance at the end of the reporting year	**2,81,92,808**	**563.85**	**2,51,98,589**	**503.97**

Particulars	As at March 31, 2022		As at March 31, 2021	
Equity shares of ₹ 2 each issued, subscribed and Partly paid	Number	Amount	Number	Amount
Balance at the beginning of the reporting year	10,17,447	17.81	-	-
Changes in Equity Share Capital due to prior period errors	-	-	-	-
Restated balance at the beginning of the current/previous year	10,17,447	17.81	-	-
Changes in equity share capital during the year	-	-	10,17,447	17.81
Balance at the end of the reporting year	**10,17,447**	**17.81**	**10,17,447**	**17.81**

B. Other equity

Particulars	Reserves and surplus					Total
	Statutory reserve u/s 45-IC (1) of Reserve Bank of India Act, 1934	Securities premium account	Share options outstanding account	Retained earnings	Other comprehensive income Remeasurement of post employment benefit obligations	
Balance as at April 1, 2020	**4,223.88**	**65,247.78**	**261.55**	**17,651.21**	**(15.57)**	**87,368.85**
Changes in accounting policy or prior period errors						-
Restated balance as at 1 April 2020	**4,223.88**	**65,247.78**	**261.55**	**17,651.21**	**(15.57)**	**87,368.85**
Profit for the year (Net of tax)	-	-	-	9,108.41	-	9,108.41
Other comprehensive income for the year (Net of tax)	-	-	-	-	3.40	3.40
Total Comprehensive income for the year ended March 31, 2021	**-**	**-**	**-**	**9,108.41**	**3.40**	**9,111.81**
Transfer/utilizations						
Transfer to statutory reserve u/s 45 IC of the RBI Act, 1934	1,821.68	-	-	(1,821.68)	-	-
Premium on issue of shares	-	15.47	-	-	-	15.47
Share based payment	-	-	129.80	-	-	129.80
Balance as at March 31, 2021	**6,045.56**	**65,263.25**	**391.35**	**24,937.94**	**(12.17)**	**96,625.93**

Particulars	Reserves and surplus					Total
	Statutory reserve u/s 45-IC (1) of Reserve Bank of India Act, 1934	Securities premium account	Share options outstanding account	Retained earnings	Other comprehensive income Remeasurement of post employment benefit obligations	
Changes in accounting policy or prior period errors	-	-	-	-	-	-
Restated balance as at 1 April 2021	**6,045.56**	**65,263.25**	**391.35**	**24,937.94**	**(12.17)**	**96,625.93**
Profit for the year (net of tax)	-	-	-	14,287.41		14,287.41
Other comprehensive income for the year (net of tax)	-	-	-	-	(72.33)	(72.33)
Total Comprehensive income for the year ended March 31, 2022	**-**	**-**	**-**	**14,287.41**	**(72.33)**	**14,215.08**
Transfer/utilizations						
Transfer to statutory reserve u/s 45 IC of the RBI Act, 1934	2,857.48	-	-	(2,857.48)	-	-
Premium on issue of shares	-	48,730.69	-	-	-	48,730.69
Share Issue Expenses	-	(549.85)	-	-	-	(549.85)
Share based payment	-	-	40.38	-	-	40.38
Balance as at March 31, 2022	**8,903.04**	**1,13,444.09**	**431.73**	**36,367.87**	**(84.50)**	**1,59,062.23**

The accompanying notes form an integral part of the financial statements.
As per our report of even date attached

For **S.R. BATLIBOI & ASSOCIATES LLP**
Chartered Accountants
Firm Registration No: 101049W/E300004

Amit Kabra
Partner
ICAI Membership No. 094533

Place : Jaipur
Date : May 20, 2022

For and on behalf of the Board of Directors of
SK Finance Limited

Rajendra Kumar Setia
(Managing Director)
DIN - 00957374

Shalini Setia
(Whole Time Director)
DIN - 02817624

Atul Arora
(Chief Financial Officer)

Anagha Bangur
(Company Secretary)
Membership No.: F10697

Place : Jaipur
Date : May 20, 2022

Notes to the financial statements

as at and for the year ended March 31, 2022

Note 1 – Corporate Information

SK Finance Limited (Erstwhile Known as Ess Kay Fincorp Limited) ("SKFL" or "the Company") is a Public Limited Company incorporated under the provisions of the Companies Act, 1956. The Company is holding a Certificate of Registration ('CoR') and registered as a systemically important non-deposit taking Non-Banking Financial Company ('NBFC') as defined under Section 45-IA of the Reserve Bank of India (RBI) Act, 1934 and is primarily engaged in the business of lending having its registered and corporate office in Jaipur (Rajasthan). The Company is engaged in the business of asset financing, lending to Small and Medium Enterprises and allied activities.

Note 2 – Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

A. Basis of preparation

a) Statement of compliance and basis of preparation of financial statements

The Balance Sheet, the Statement of Profit and Loss and the Statement of Changes in Equity are prepared and presented in the format prescribed in the Division III of Schedule III to the Companies Act, 2013 (the ´Act'). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 ´Statement of Cash Flows. The Balance Sheet, Statement of Profit and Loss, Statement of Cash Flow and Statement of Changes in Equity are together referred as the financial statement of the Company.

The financial statements of the Company are prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 under Section 133 of Act and relevant amendment rules issued thereafter (´Ind AS').

The financial statements are prepared and presented on accrual and going concern basis and the relevant provisions of Act and the guidelines and directives issued by the Reserve Bank of India (RBI) to the extent applicable. Any application guidance/ clarifications/ directions issued by RBI or other regulators are implemented as and when they are issued/ applicable.

Accounting policies are consistently applied except where a newly-issued Ind AS initially adopted or a revision to an existing Ind AS requires a change in the accounting policy.

These financial statements were approved by the Company's Board of Directors and authorized for issue in their meeting held on May 20, 2022.

b) Basis of measurement

These financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities that are measured at fair value (refer to accounting policies) such as Net defined (asset)/ liability present value of defined benefit obligations, investments carried at fair value through profit or loss and share-based payments. The methods used to measured fair value are discussed further in notes to financial statements.

c) Functional and presentation currency

These financial statements are prepared in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded to the nearest lakhs and two decimals thereof, except as stated otherwise.

B. Property, plant and equipment

i. Recognition and measurement

Property, Plant and Equipment (PPE) are stated at cost less accumulated depreciation and any accumulated impairment losses.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated cost of dismantling and removing the item and restoring the site on which it is located.

Income and expenses related to the incidental operations, not necessary to bring the item to the location and condition necessary for it to be capable of operating in the manner intended by management, are recognised in statement of profit and loss.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for and depreciated as separate items (major components) of property, plant and equipment.

Advances paid towards acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-

Notes to the financial statements

as at and for the year ended March 31, 2022

financial assets and cost of assets not ready to use before such date are disclosed under Capital work-in-progress

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company and cost of respective item can be measured reliably.

iii. Depreciation, estimated useful lives and residual value

Deprecation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives in the manner prescribed in Schedule II of the Act, and is generally recognised in the statement of profit and loss. Depreciation/ amortisation is charged on a pro-rata basis for assets acquired/sold during the year from/to the date of acquisition/sale. The Company has estimated 5% residual value at the end of the useful life for all block of assets.

Improvements to leasehold premises are amortised over the period of lease.

The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Changes in the expected useful life are accounted for by changing the depreciation period or methodology, as appropriate, and treated as changes in accounting estimates.

iv. De-recognition

Property, plant and equipment are de-recognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset is recognised in other income/expense in the statement of profit and loss in the year the asset is de-recognised.

C. Intangible assets

i. Recognition and measurement

Intangible assets are stated at cost of acquisition less accumulated amortization and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

ii. Subsequent expenditure

Subsequent expenditure on an intangible asset after its purchase/completion is recognized as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

iii. Amortisation

Intangible assets comprise computer software which is amortized on a straight-line basis over the estimated useful economic life. The useful life of the intangible assets are estimated at 3 to 5 years.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

iv. De-recognition

Intangible assets are de-recognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset is recognised in other income/expense in the statement of profit and loss in the year the asset is de-recognised.

Intangible assets not ready for the intended use on the date of Balance Sheet are disclosed as 'Intangible assets under development'.

D. Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in statement of profit and loss, if any.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Notes to the financial statements

as at and for the year ended March 31, 2022

Translation differences on assets and liabilities carried at fair value are reported as part of the gain or loss on fair value changes.

Non-monetary items that are measured at historical cost in foreign currency are not retranslated at reporting date.

E. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

All financial instruments are at amortised cost, unless otherwise specified.

Financial assets

The Company classifies its financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction fees or costs that are directly attributable and incremental to the origination/acquisition of the financial asset unless otherwise specifically mentioned in the accounting policies.

All regular way purchase or sale of financial assets are recognised and derecognised on a trade date basis. Purchase or sale of unquoted instrument is recognised on the closing date or as and when the transaction is completed as per terms mentioned in relevant transaction agreement/document.

Regular way purchase or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Classification

The Company classifies its financial assets as subsequently measured at either amortized cost or fair value based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Business model assessment

The Company assesses the objective of a business model in which an asset is held such that it best reflects the way the business is managed and is consistent with information provided to management. The information considered includes:

- the objectives for the portfolio, in particular, management's strategy of focusing on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.
- the risks that affect the performance of the business model, the financial assets held within that business model and how those risks are managed

Assessment whether contractual cash flows is solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Company considers the contractual cashflows as on the date of financial reporting.

Subsequent measurement and gains and losses

The Company classifies its financial assets in the following measurement categories:

Notes to the financial statements

as at and for the year ended March 31, 2022

(i) Amortised cost (AC)

A financial asset is measured at amortised cost if it meets both of the following conditions:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. EIR is being calculated by considering all costs and incomes attributable to acquisition of a financial asset reported as part of interest income in the statement of profit and loss. The losses if any, arising from impairment are recognised in the statement of profit and loss.

(ii) Fair value through Other Comprehensive Income (FVOCI) – debt investment

A debt investment is measured at FVOCI if it meets both of the following conditions:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial measurement, such financial assets are subsequently measured at fair value. Interest income is recognised using the effective interest (EIR) method. The loss allowance is recognized in other comprehensive income and does not reduce the carrying value of the financial asset. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit and loss.

(iii) Fair value through Other Comprehensive Income (FVOCI) – equity investment

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in Other Comprehensive Income. This election is made on an investment- by- investment basis.

After initial measurement, such financial assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to statement of profit and loss.

(iv) Fair value through profit and loss (FVTPL)

This is a residual category for classification. Any asset which does not meet the criteria for classification as at amortised cost or FVOCI, is classified as FVTPL. Financial assets at FVTPL are measured at fair value, and changes in fair value therein are recognised in the statement of profit and loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by Company are recognised at the proceeds received.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using EIR method except when designated to be measured at FVTPL. Liabilities which are classified at fair value through profit or loss, including derivatives that are liabilities, shall be subsequently measured at fair value. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of profit and loss. Any gain or loss on derecognition is also recognised in Statement of profit and loss.

F. Derecognition of financial assets and financial liabilities

Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

Notes to the financial statements

as at and for the year ended March 31, 2022

The rights to receive cash flows from the asset have expired, or

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under assignment arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company assess the derecognition test where the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred or retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in statement of profit and loss.

Financial liability

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The difference between the carrying value of the financial liability and the consideration paid is recognised in Statement of profit and loss.

G. Modification of financial assets and financial liabilities

Financial assets

The Company evaluates whether the cash flows from a financial asset are modified and the modified asset is substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

In case the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate and recognises the amount arising from adjusting the gross carrying amount as modification gain or loss in statement of profit and loss. Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

Financial liabilities

The Company derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in statement of profit and loss.

H. Impairment of financial assets

Methodology for computation of Expected Credit Losses (ECL)

The financial instruments covered within the scope of ECL include financial assets measured at amortised cost and FVOCI.

The loss allowance has been measured using lifetime ECL except for financial assets on which there has been no significant increase in credit risk since initial recognition. In such cases, loss allowance has been measured at 12 month ECL.

At each reporting date, the Company assesses whether any financial asset carried at amortised cost and FVOCI is credit-impaired. A financial asset is credit- impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred since initial recognition. Evidence that a financial asset is credit-

Notes to the financial statements

as at and for the year ended March 31, 2022

impaired includes the observable data such as Days Past Due ('DPD') or default event.

ECL is a probability weighted estimate of credit losses, measured as follows:

- Financial assets that are not credit impaired at the reporting date: ECL has been estimated by determining the probability of default ('PD'), Exposure at Default ('EAD') and loss given default ('LGD'). PD has been computed using observed history of default and converted into forward looking PD's using suitable macro-economic variable data.
- Financial assets that are credit impaired at the reporting date:

For loans, ECL has been estimated as the difference between the gross carrying amount and the present value of estimated future cash flows.

For trade receivables, the Company applies a simplified approach. It recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised:

- If the expected restructuring will not result in derecognition of the existing asset, expected cash flows arising from the modified financial asset are included in calculating cash shortfalls from the existing asset
- If the expected restructuring will result in derecognition of the existing asset and the recognition of modified asset, the modified asset is considered as a new financial asset. The date of the modification is treated as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset. The impairment loss allowance is measured at an amount equal to 12 month expected credit losses until there is a significant increase in credit risk. If modified financial asset is credit-impaired at initial recognition, the financial asset is recognized as originated credit impaired asset.

Criteria used for determination of movement from stage 1 (12 month ECL) to stage 2 (lifetime ECL) and stage 3 (Credit impaired)

The Company applies a three-stage approach to measure ECL on financial assets measured at amortised cost and FVOCI. The assets migrate through the following three stages based on an assessment of qualitative and quantitative considerations:

- **Stage 1: 12 month ECL**

  For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised. Interest income is accrued using the effective interest rate on the gross carrying amount.

- **Stage 2: Lifetime ECL (significant impaired):**

  At each reporting date, the Company assesses whether there has been a significant increase in credit risk for financial assets since initial recognition. In determining whether credit risk has increased significantly since initial recognition, the Company uses days past due (DPD) information and other qualitative factors to assess deterioration in credit quality of a financial asset.

  For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised. Interest income is accrued using the effective interest rate on the gross carrying amount.

- **Stage 3: Credit impaired:**

  Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the asset have occurred. For financial assets that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortized cost (net of loss allowance).

  If, in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the Expected Credit Loss reverts from lifetime ECL to 12-months ECL

Notes to the financial statements

as at and for the year ended March 31, 2022

Method used to compute lifetime ECL:

The Company calculates ECLs based on a probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the present value of cash flows that the entity expects to receive. The Company applies statistical techniques to estimate lifetime ECL.

Manner in which forward looking assumptions are incorporated in ECL estimates:

The Company considers its historical loss experience and adjusts it for current observable data. In addition, the Company uses reasonable forecasts of future economic conditions including expert judgement to estimate the amount of expected credit losses. The methodology and assumptions including any forecasts of future economic conditions are periodically reviewed and changes, if any, are accounted for prospectively.

I. Write-offs

Financial assets are written off when there is no realistic prospect of recovery. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts. Any subsequent recoveries are credited to impairment on financial instruments in statement of profit and loss. However, financial assets that are written-off may be subject to enforcement activities to comply with the Company's procedures for recovery of amounts due.

J. Measurement of fair values

The Company's accounting policies and disclosures require the measurement of fair values for financial instruments such as investments etc.

The Company has an established control framework with respect to the measurement of fair values. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IND AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of a financial asset or a financial liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:-

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

K. Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business.

L. Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date at which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. The resulting gain or loss is recognised in statement of profit and loss.

Derivatives embedded in a host contract that is an asset within the scope of IND AS 109 are not separated. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Notes to the financial statements

as at and for the year ended March 31, 2022

Derivatives embedded in all other host contract are separated only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host and are measured at fair value through profit or loss.

M. Hedge accounting

The Company makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Company applies hedge accounting for transactions that meet specified criteria.

Hedges that meet the criteria for hedge accounting are accounted for, as described below:

Fair value hedges

Fair value hedges the exposure to changes in the fair value of a recognised asset or liability, or an identified portion of such an asset, liability, that is attributable to a particular risk and could affect profit or loss.

For designated and qualifying fair value hedges, the cumulative change in the fair value of a hedging derivative is recognised in the statement of profit and loss in net gain/(loss) on fair value changes. Meanwhile, the cumulative change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item in the balance sheet and is also recognised in the statement of profit and loss in net gain/(loss) on fair value changes.

N. Revenue recognition

Interest income

Interest income from financial asset is recognised on accrual basis by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial assets other than credit-impaired assets and financial assets classified as measured at FVTPL.

The EIR is the rate that discounts the estimated future cash flows through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset adjusted for upfront expenses and incomes attributable to the acquisition of the financial asset. The interest income is recognised on EIR method on a time proportion basis applied on the carrying amount for financial assets.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is recorded as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. Any subsequent changes in the estimation of the future cash flows are recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

Interest income on credit impaired assets is recognised by applying the effective interest rate to the amortised cost (i.e. carrying value net of loss allowance) of the financial asset.

Income from interest on deposits is recognized on a time proportion basis considering the amount outstanding and the rate applicable.

Delayed payment interest (penal interest and the like) levied on customers for delay in repayments/non payment of contractual cash flows is recognised on accrual basis.

Income from investments are recognised on accrual basis as the investments are classified as fair value through profit and loss.

Income from assignment transactions

Gains arising out of direct assignment transactions comprise the difference between the interest on the loan portfolio and the applicable rate at which the direct assignment is entered into with the assignee, also known as the right of Excess Interest Spread (EIS). The future EIS basis the scheduled cash flows, on execution of the transaction, discounted at the applicable rate entered into with the assignee is recorded upfront in statement of profit and loss.

Income from direct assignment transactions represents the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset de-recognised) and consideration received (including any new asset obtained less any new liability assumed).

Fees and commission income

Revenue (other than for those items to which IND AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. IND AS 115 Revenue from contracts with customers outlines a single comprehensive model

Notes to the financial statements

as at and for the year ended March 31, 2022

of accounting for revenue arising from contracts with customers.

The Company recognises revenue from contracts with customers based on a five-step model as set out in Ind 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Income from other financial charges including cheque bouncing charges, foreclosure charges are collected from loan customers for early payment/closure of loan and are recognised on realisation.

Net gain on fair value changes

The Company designates certain financial assets for subsequent measurement at fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI). The Company recognises gains on fair value change of financial assets measured at FVTPL and realised gains on derecognition of financial asset measured at FVTPL and FVOCI on net basis in profit or loss.

Income from other support services is accounted on accrual basis.

O. Employee benefits

(i) Compensated absences/ leave encashment

The Company accounts for the liability for compensated absences based on an independent actuarial valuation conducted by an independent actuary using the Projected Unit Credit Method as at the Balance Sheet date. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the statement of profit and loss in the period in which they arise.

(ii) Post-employment obligations

The Company operates the following post-employment schemes:

a. Gratuity – Defined Benefit Plan

The Company provides for gratuity to all employees. The benefit is in the form of lump sum payments to vested employees on resignation, retirement or death while in employment or on termination of employment of on amount equivalent to 15 days basic salary payable to each completed year of service. Vesting occurs after completion of five years of service. The same is valued by an independent external actuary as at the balance sheet date using the projected unit credit method to determine the present value of defined benefit obligation and the related service costs.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

b. Provident Fund/Employee State Insurance Scheme - Defined Contribution Plan

In accordance with the applicable law, all employees of the Company are entitled to receive benefits under the Provident Fund Act, 1952. The Company contributes an amount, on a monthly basis, at a determined rate to the pension scheme administered by the Regional Provident Fund Commissioner ('RPFC') and the Company has no liability for future provident

Notes to the financial statements

as at and for the year ended March 31, 2022

fund benefits other than its annual contribution. Since it is a defined contribution plan, the contributions are accounted for on an accrual basis and recognized in the statement of profit and loss.

(iii) Share based payment

Employees Stock Option Scheme ("ESOS") - Equity settled

The ESOS provides for grant of the equity shares of the Company to employees. The scheme provides that employees are granted an option to subscribe to the equity shares of the Company that vest in the graded manner. The option may be exercised within the specified period.

Equity-settled share-based payments to employees are recognised as an expense at the fair value of equity stock options at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the graded vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

P. Taxes

Income tax

Income tax expense comprises current and deferred tax. It is recognised in statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax

Current tax is measured at the amount expected to be paid in respect of taxable income for the year in accordance with the Income-tax Act, 1961 and the Income Computation and Disclosure Standards (ICDS) prescribed therein. Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets and current tax liabilities are offset only if the Company has a legally enforceable right to set off the recognised amounts, and it intends to realise the asset and settle the liability on a net basis or simultaneously.

Deferred tax

Deferred tax is recognised using the Balance Sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets, if any, are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised either in other comprehensive income or in other equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Q. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity

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as at and for the year ended March 31, 2022

shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the financial year, adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares), if any, that have changed the number of equity shares outstanding, without a corresponding change in resources. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year considered for deriving basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

R. Leases

The Company assesses whether a contract contains a lease, at the inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether (i) the contract involves the use of identified asset; (ii) the Company has substantially all of the economic benefits from the use of the asset through the period of lease and (iii) the Company has right to direct the use of the asset.

Company as a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located, less any lease incentives received.

Certain lease arrangements include the option to extend or terminate the lease before the end of the lease term. The right-of-use assets and lease liabilities include these options when it is reasonably certain that the option will be exercised.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company considers incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprises of fixed payments, including in-substance fixed payments, amounts expected to be payable under a residual value guarantee and the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in statement of profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

Lease liability and the right of use asset have been separately presented in the balance sheet and lease payments have been classified as financing activities.

The Company has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of less than or equal to 12 months with no purchase option and assets with low value leases. The Company recognises the lease payments associated with these leases as

Notes to the financial statements

as at and for the year ended March 31, 2022

an expense in statement of profit and loss over the lease term. The related cash flows are classified as operating activities.

S. Provisions, Contingent liabilities and contingent assets

Provisions are recognised when the enterprise has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements

Contingent assets are not recognised in the financial statements. Contingent assets are disclosed in the financial statements where an inflow of economic benefits is probable.

T. Impairment of non-financial assets

The carrying values of assets/cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. If the carrying amount of the assets exceeds the estimated recoverable amount, an impairment is recognised for such excess amount in the Statement of Profit and Loss.

The recoverable amount is the greater of the fair value less costs of disposal and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods which no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets, such reversal is not recognized.

U. Segment reporting

The Managing Director (MD) of the company has been identified as the chief operating decision maker (CODM) as defined by the Ind AS 108, "Operating segments". Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company.

V. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

W. Statement of cash flow

Cash flows are reported using the indirect method, whereby profit / (loss) before exceptional items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

X. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in statement of profit and loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down to the extent there is no evidence that it is probable that some or all of the facility will be

Notes to the financial statements

as at and for the year ended March 31, 2022

drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Y. Trade receivable

Trade receivables are amounts due from customers for services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value.

The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

Note -3 Use of estimates and judgements

The preparation of financial statements to be in conformity with the IND AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as on the date of the financial statements and the reported income and expenses during the reported period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis.

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of loans, receivables, and investment in debt securities. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as on the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

Judgement, estimates and assumptions are required in particular for:

I. Determination of estimated useful lives of property, plant and equipment and Intangible assets

Useful lives of property, plant and equipment are based on the life prescribed in Schedule II of the Act. In cases, where the useful lives are different from that prescribed in Schedule II, they are based on nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support.

II. Measurement of defined benefit obligations

The obligation arising from defined benefit plan is determined on the basis of actuarial valuation. Key actuarial assumptions which form the basis of above valuation includes discount rate, trends in salary escalation, demographics and life expectancy.

III. Recognition of deferred tax

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, depreciation carry-forwards and tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences and depreciation carry-forwards could be utilized.

IV. Recognition and measurement of provisions and contingencies

The recognition and measurement of provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the reporting date. The actual outflow of resources at a future date may therefore, vary from the amount included in other provisions.

V. Fair value of share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them.

For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Company uses a Black-Scholes model.

VI. Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date

Notes to the financial statements

as at and for the year ended March 31, 2022

under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

VII. Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI (Solely Payments of Principal and Interest) and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Fair value through profit or loss (FVTPL), where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in the statement of profit and loss in the period in which they arise.

VIII. Effective Interest Rate (EIR) method

The Company's EIR methodology recognises interest income/expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given/taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the financial instruments.

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

IX. Impairment of financial assets

The Company recognizes loss allowances for Expected Credit Losses (ECL) on its financial assets measured at amortized cost and Fair Value through Other Comprehensive Income (FVOCI) except investment in equity instruments. At each reporting date, the Company assesses whether the above financial assets are credit- impaired. A financial asset is 'credit- impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

X. Determination of lease term

IND AS 116 Leases requires lessee to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of lease and the importance of the underlying to the Company's operations taking into account the location of the underlying asset and the availability of the suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

XI. Discount rate for lease liability

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics. And discount rate of security deposits is generally based on the SBI deposit rate at the time of deposit.

Notes to the financial statements

as at and for the year ended March 31, 2022

(₹ in lakhs)

4 Cash and cash equivalents

Particulars	As at March 31, 2022	As at March 31, 2021
Cash on hand	979.06	765.92
Balances with banks		
(i) In current account	15,676.26	5,869.11
(ii) In term deposits with original maturity of 3 months or less	800.53	16,696.46
Total	**17,455.85**	**23,331.49**

5 Bank balances other than cash and cash equivalents

Particulars	As at March 31, 2022	As at March 31, 2021
Freehold deposits with banks	8,519.45	13,266.00
Balances with banks to the extent held as margin money or security against the borrowings *	34,176.21	23,633.90
Interest accrued but not received on fixed deposit	1,638.88	1,610.24
Total	**44,334.54**	**38,510.14**

* Balances with banks held as security against borrowings amounts to ₹ 31,687.06 lakhs (March 31, 2021: ₹ 19,515.87 lakhs) and as cash collateral for securitisation of receivables amounts to ₹ 2,489.15 lakhs (March 31, 2021: ₹ 4,118.03 lakhs).

6 Derivative financial instruments

Particulars	As at March 31, 2022		As at March 31, 2021	
	Fair value assets	Fair value liability	Fair value assets	Fair value liability
Part I				
Cross Currency Swaps	479.57	-	-	-
Embedded options on market linked debentures	-	52.36	-	50.59
Total derivative financial instruments	**479.57**	**52.36**	**-**	**50.59**
Part II				
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows				
Fair value hedging for cross currency swap	479.57	-	-	-
Total derivative financial instruments	**479.57**	**-**	**-**	**-**

Notional value of derivatives financial instruments cross currency swaps is ₹ 18,558.39 lakh.(As on March 31,2021: Nil)

The Company enters into derivatives for risk management purposes. Derivatives held for risk management purposes include hedges that either meet the hedge accounting requirements or hedges that are economic hedges. The table above shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts. The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

7 Receivables

Particulars	As at March 31, 2022	As at March 31, 2021
Other receivables		
Receivables considered good - unsecured	223.11	447.30
Total	**223.11**	**447.30**

No other receivable are due from directors or other officers of the Company either severally or jointly with any other person, or from firms or private companies respectively in which any director is a partner, a director or a member.

Notes to the financial statements

as at and for the year ended March 31, 2022

(₹ in lakhs)

Other receivables Ageing Schedule

As at March 31, 2022

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed trade receivables – considered good	219.28	1.88	1.95	-	-	223.11
Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
Undisputed trade receivable – credit impaired	-	-	-	-	-	-
Disputed trade receivables - considered good	-	-	-	-	-	-
Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
Disputed trade receivables – credit impaired	-	-	-	-	-	-
Total	**219.28**	**1.88**	**1.95**	**-**	**-**	**223.11**

As at March 31, 2021

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed trade receivables – considered good	**446.63**	**0.67**	**-**	**-**	**-**	**447.30**
Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
Undisputed trade receivable – credit impaired	-	-	-	-	-	-
Disputed trade receivables - considered good	-	-	-	-	-	-
Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
Disputed trade receivables – credit impaired	-	-	-	-	-	-
Total	**446.63**	**0.67**	**-**	**-**	**-**	**447.30**

There are no unbilled receivables, hence the same is not disclosed in the ageing schedule.

8 Loans

Particulars	As at March 31, 2022	As at March 31, 2021
A. Loans - Amortised cost		
(a) Loans	4,74,013.75	3,42,236.09
(b) Others		
- Trade advances	1,636.17	883.17
- Retained interest under direct assignments	832.04	1,118.98
Total - Gross (A)	**4,76,481.96**	**3,44,238.24**
Less: Impairment loss allowance	(12,151.77)	(16,248.64)
Total - Net (A)	**4,64,330.19**	**3,27,989.60**
B. Secured/ Unsecured		
(a) Secured by tangible assets	4,72,370.54	3,38,029.93
(b) Unsecured	4,111.42	6,208.31
Total - Gross (B)	**4,76,481.96**	**3,44,238.24**
Less: Impairment loss allowance	(12,151.77)	(16,248.64)
Total - Net (B)	**4,64,330.19**	**3,27,989.60**

Notes to the financial statements

as at and for the year ended March 31, 2022

(₹ in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
C. (i) Loans in India		
(a) Public sector	-	-
(b) Others	4,76,481.96	3,44,238.24
Total - Gross (C)	**4,76,481.96**	**3,44,238.24**
Less: Impairment loss allowance	(12,151.77)	(16,248.64)
Total- Net (C) (i)	**4,64,330.19**	**3,27,989.60**
(ii) Loans outside India	-	-
Less: Impairment loss allowance	-	-
Total - Net (C) (ii)	**-**	**-**
Total - Net (C) (i+ii)	**4,64,330.19**	**3,27,989.60**

9 Investments

Particulars	As at March 31, 2022	As at March 31, 2021
At Fair value through profit and loss account		
Outside India	-	-
In India		
Mutual funds units	16,406.25	16,105.74
Debts securitites	61,094.30	9,781.91
Security receipt of ARC	683.70	-
Total	**78,184.25**	**25,887.65**

10 Other financial assets

Particulars	As at March 31, 2022	As at March 31, 2021
Other advances recoverable	2,000.03	547.70
Interest receivable on direct assignments	1,283.02	2,263.98
Ex-gratia interest receivables	-	914.96
Security deposits	242.89	187.43
Total Gross	**3,525.94**	**3,914.07**
Less: Impairment loss allowance	(10.46)	-
Total net of impairment loss allowance	**3,515.48**	**3,914.07**

Notes to the financial statements

as at and for the year ended March 31, 2022

11 Property, plant and equipment

(₹ in lakhs)

Particulars	Land	Furniture and fixtures	Vehicles	Office equipment	Computers	Leasehold improvement	Right of use assets	Total
Balance as at April 1, 2020	**8.88**	**815.26**	**503.45**	**416.65**	**524.19**	**568.64**	**2,711.02**	**5,548.09**
Additions	-	325.06	22.68	213.02	321.43	493.98	1,150.28	2,526.45
Disposals/Adjustments	-	-	(56.68)	(3.92)	-	-	-	(60.60)
Balance as at March 31, 2021	**8.88**	**1,140.32**	**469.45**	**625.75**	**845.62**	**1,062.62**	**3,861.30**	**8,013.94**
Accumulated depreciation as at April 1, 2020	**-**	**142.54**	**121.73**	**102.07**	**209.26**	**148.39**	**613.92**	**1,337.91**
Depreciation for the year	-	99.15	68.93	93.65	154.64	140.95	537.21	1,094.53
Disposals/Adjustments	-	-	(17.88)	(2.17)	-	-	-	(20.05)
Accumulated depreciation as at March 31, 2021	**-**	**241.69**	**172.78**	**193.55**	**363.90**	**289.34**	**1,151.13**	**2,412.39**
Net carrying amount as at March 31, 2021	8.88	898.63	296.67	432.20	481.72	773.28	2,710.17	5,601.55
Balance as at April 1, 2021	**8.88**	**1,140.32**	**469.45**	**625.75**	**845.62**	**1,062.62**	**3,861.30**	**8,013.94**
Additions	-	405.82	156.06	472.21	677.63	1,150.62	2,783.75	5,646.09
Disposals/Adjustments	-	(16.57)	(64.80)	(9.88)	(0.02)	(3.87)	-	(95.14)
Balance as at March 31, 2022	**8.88**	**1,529.57**	**560.71**	**1,088.08**	**1,523.23**	**2,209.37**	**6,645.05**	**13,564.89**
Accumulated depreciation as at April 1, 2021	**-**	**241.69**	**172.78**	**193.55**	**363.90**	**289.34**	**1,151.13**	**2,412.39**
Depreciation for the year	-	135.54	66.97	155.62	276.25	162.91	672.66	1,469.95
Disposals/Adjustments	-	(13.98)	(30.62)	(8.20)	-	(2.43)	-	(55.23)
Accumulated depreciation as at March 31, 2022	**-**	**363.25**	**209.13**	**340.97**	**640.15**	**449.82**	**1,823.79**	**3,827.11**
Net carrying amount as at March 31, 2022	**8.88**	**1,166.32**	**351.58**	**747.11**	**883.08**	**1,759.55**	**4,821.26**	**9,737.78**

Notes to the financial statements

as at and for the year ended March 31, 2022

(₹ in lakhs)

12 Capital work-in-progress (CWIP)

Particulars	As at March 31, 2022	As at March 31, 2021
Capital work-in-progress	-	42.85
Total	**-**	**42.85**

Capital work-in-progress (CWIP) Ageing Schedule

As at March 31, 2022

Particulars	Less than 1 year	1-2 year	2-3 year	More than 3 year	Total
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**

As at March 31, 2021

Particulars	Less than 1 year	1-2 year	2-3 year	More than 3 year	Total
Projects in progress	42.85	-	-	-	42.85
Projects temporarily suspended	-	-	-	-	-
Total	**42.85**	**-**	**-**	**-**	**42.85**

13 Intangible assets under development (IAUD)

Particulars	As at March 31, 2022	As at March 31, 2021
Intangible assets under development	16.43	89.35
Total	**16.43**	**89.35**

Intangible assets under development (IAUD) Ageing Schedule

As at March 31, 2022

Particulars	Less than 1 year	1-2 year	2-3 year	More than 3 year	Total
Projects in progress	16.43	-	-	-	16.43
Projects temporarily suspended	-	-	-	-	-
Total	**16.43**	**-**	**-**	**-**	**16.43**

As at March 31, 2021

Particulars	Less than 1 year	1-2 year	2-3 year	More than 3 year	Total
Projects in progress	89.35	-	-	-	89.35
Projects temporarily suspended	-	-	-	-	-
Total	**89.35**	**-**	**-**	**-**	**89.35**

Notes to the financial statements

as at and for the year ended March 31, 2022

(₹ in lakhs)

14 Other intangible assets

Particulars	Computer software	Total
Balance as at April 1, 2020	**131.25**	**131.25**
Additions	113.90	113.90
Disposals/Adjustments	(41.85)	(41.85)
Balance as at March 31, 2021	**203.30**	**203.30**
Accumulated depreciation as at April 1, 2020	80.70	80.70
Amortization for the year	38.78	38.78
Disposals/Adjustments	(34.33)	(34.33)
Accumulated depreciation as at March 31, 2021	**85.15**	**85.15**
Net carrying amount as at March 31, 2021	**118.15**	**118.15**
Balance as at April 1, 2021	**203.30**	**203.30**
Additions	576.98	576.98
Disposals/Adjustments	-	-
Balance as at March 31, 2022	**780.28**	**780.28**
Accumulated depreciation as at April 1, 2021	**85.15**	**85.15**
Amortization for the year	111.47	111.47
Disposals/Adjustments	-	-
Accumulated depreciation as at March 31, 2022	**196.62**	**196.62**
Net carrying amount as at March 31, 2022	**583.66**	**583.66**

15 Other non-financial assets

Particulars	As at March 31, 2022	As at March 31, 2021
Prepaid expenses	342.22	228.49
Balances with statutory / government authorities	21.32	89.53
Advance against salary to staff	60.02	33.95
Total	**423.56**	**351.97**

16 Debt securities

Particulars	As at March 31, 2022	As at March 31, 2021
At amortised cost		
Secured		
Non-convertible debentures	96,922.50	1,15,897.23
Non-convertible debentures - Market linked	40,345.44	34,140.87
Unsecured		
Non-convertible debentures	5,127.91	1,993.99
Commercial paper	4,962.06	-
Total (A)	**1,47,357.91**	**1,52,032.09**
Debt securities in India	1,47,357.91	1,52,032.09
Debt securities outside India	-	-
Total (B)	**1,47,357.91**	**1,52,032.09**

Nature of security

Debentures are secured by mortgage of the Company's immovable property situated at Chennai in the state of Tamilnadu and are also secured against designated loans assets. The total asset cover is 100%-133% of the principal amount of the said debentures. The total amount of personal guarantee given by directors and others, against the debt securities amounts to ₹ 16,000.00 lakhs (March 31, 2021 ₹ 16,000.00 lakhs)

Notes to the financial statements

as at and for the year ended March 31, 2022

(₹ in lakhs)

Terms of repayment schedule of secured privately placed non-convertible redeemable debentures

(₹ in lakhs)

Maturity schedule	Interest rate range		Carrying Amount	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Maturity within 1 year	9.25% - 12.25%	8.88% - 11.50%	9,355.98	10,529.33
Maturity between 1 to 3 years	9.80% - 11.25%	9.25% - 11.71%	73,125.97	67,064.33
Maturity between 3 to 5 years	11.40% - 12.05%	9.57% - 10.18%	15,007.07	32,250.65
Maturity greater than 5 years	-	11.09% - 11.09%	-	7,006.56
Total			**97,489.02**	**1,16,850.87**
Less: Unamortised finance cost			(566.52)	(953.64)
Total Amortised Cost			**96,922.50**	**1,15,897.23**

Terms of repayment schedule of unsecured privately placed non-convertible redeemable debentures

Maturity schedule	Interest rate range		Carrying Amount	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Maturity within 1 year	8.56% - 10.03%	10.35%10.93%	25,493.82	11,455.89
Maturity between 1 to 3 years	8.35% - 8.40%	8.56% -10.03%	15,447.74	23,291.28
Total			**40,941.55**	**34,747.17**
Less: Unamortised finance cost			(596.11)	(606.30)
Total Amortised Cost			**40,345.44**	**34,140.87**

Terms of repayment schedule of unsecured privately placed non-convertible redeemable debentures

Maturity schedule	Interest rate range		Carrying Amount	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Maturity within 1 year	12.40% - 12.45%	-	2,000.66	-
Maturity between 1 to 3 years	9.20% - 9.25%	12.40% - 12.45%	3,151.60	2,000.71
Total			**5,152.25**	**2,000.71**
Less: Unamortised finance cost			(24.34)	(6.72)
Total Amortised Cost			**5,127.91**	**1,993.99**

Terms of repayment schedule of Commercial Paper

Maturity schedule	Interest rate range		Carrying Amount	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Maturity within 1 year	6.45% - 6.50%	-	4,962.28	-
Total			4,962.28	-
Less: Unamortised finance cost			(0.22)	-
Total Amortised Cost			**4,962.06**	**-**

Notes to the financial statements

as at and for the year ended March 31, 2022

(₹ in lakhs)

17 Borrowings (other than debt securities)

Particulars	As at March 31, 2022	As at March 31, 2021
At amortised cost		
Secured		
Term loans		
from banks	1,82,409.35	85,252.15
from other parties	36,592.22	26,709.53
external commercial borrowings	18,808.35	7,522.53
Loans repayable on demand		
from banks (cash credit facilities and working capital demand loans)	32,087.81	9,414.61
Other loans		
Associated liabilities in respect of securitization transactions	30,480.42	32,720.69
Unsecured		
Term loan from other parties	-	4,754.28
Total (A)	**3,00,378.15**	**1,66,373.79**
Borrowings in India	2,81,569.80	1,58,851.26
Borrowings outside India	18,808.35	7,522.53
Total (B)	**3,00,378.15**	**1,66,373.79**
Secured borrowings	3,00,378.15	1,61,619.51
Unsecured borrowings	-	4,754.28
Total (C)	**3,00,378.15**	**1,66,373.79**

Nature of security

a) Term loans are secured by way of hypothecation on book debts, receivable and fixed deposits along with personal guarantees of directors. The total amount of personal guarantee given by directors against the term loans amounting to ₹ 1,22,199.42 lakhs (March 31, 2021 ₹ 89,341.33 lakhs).

b) External commercial borrowings ('ECB') are secured by way of hypothecation on book debts and receivables. The Company have two ECBs as on March 31, 2022. For first ECB, the Company had appointed Indusind bank to act as an authorised dealer for USD 10 million (₹ 7,331 lakhs) at the coupon rate of 10.57% and for second ECB, appointed RBL bank to act as an authorised dealer for USD 15 million (₹ 11,228 lakhs) at the coupon rate of 10.34% payable in half yearly basis in INR with the maturity of December 2025 and December 2028 respectively.

c) Cash credit facilities and working capital demand loans from banks are secured by way of hypothecation on book debts, term deposits and receivable along with personal guarantees of directors. The total amount of personal guarantee given by directors against the cash credit facilities and working capital demand loans amounting to ₹ 2,834.72 lakhs (March 31, 2021 ₹ 5,429.09 lakhs).

d) 'Associated liabilities in respect of securitization transactions' represents amount received in respect of securitization transactions as these transactions do not meet the derecogniton criteria specified under IND AS. These are secured by way of hypothecation of designated loans assets receivables.

Notes to the financial statements

as at and for the year ended March 31, 2022

(₹ in lakhs)

Terms of repayment schedule of term loans from banks

Maturity schedule	Interest rate range		Carrying Amount	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Maturity within 1 year	5.75% - 11.25%	6.32% - 11.25%	11,326.61	3,613.16
Maturity between 1 to 3 years	7.55% - 11.00%	7.00% - 12.75%	99,148.01	52,239.37
Maturity between 3 to 5 years	7.10% - 10.45%	8.60% - 10.30%	66,334.77	30,025.20
Maturity greater than 5 years	8.50% - 8.90%	-	7,001.68	-
Total			**1,83,811.06**	**85,877.72**
Less: Unamortised finance cost			(1,401.71)	(625.57)
Total Amortised Cost			**1,82,409.35**	**85,252.15**

Terms of repayment schedule of term loans from other parties

Maturity schedule	Interest rate range		Carrying Amount	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Maturity within 1 year	5.83% - 11.80%	10.50% - 12.00%	3,651.94	3,787.52
Maturity between 1 to 3 years	5.15% - 11.75%	5.83% - 11.80%	33,045.22	20,021.55
Maturity between 3 to 5 years	-	9.75% - 11.75%	-	3,009.62
Total			**36,697.16**	**26,818.69**
Less: Unamortised finance cost			(104.95)	(109.16)
Total Amortised Cost			**36,592.22**	**26,709.53**

Terms of repayment schedule of external commercial borrowings

Maturity schedule	Interest rate range		Carrying Amount	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Maturity between 3 to 5 years	10.57% - 10.57%	10.57% - 10.57%	7,815.92	7,529.31
Maturity over 5 years	10.34% - 10.34%	-	11,420.56	-
Total			**19,236.48**	**7,529.31**
Less: Unamortised finance cost			(428.13)	(6.78)
Total Amortised Cost			**18,808.35**	**7,522.53**

Terms of repayment schedule of unsecured term loans from other parties

Maturity schedule	Interest rate range		Carrying Amount	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Maturity between 1 to 3 years	-	12.00% - 12.00%	-	4,773.93
Total			**-**	**4,773.93**
Less: Unamortised finance cost			**-**	**(19.65)**
Total Amortised Cost			**-**	**4,754.28**

Notes to the financial statements
as at and for the year ended March 31, 2022

(₹ in lakhs)

Terms of repayment schedule of associated liabilities related to securitization transactions

Maturity schedule	Interest rate range		Carrying Amount	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Maturity within 1 year	10.50% - 12.24%	9.00% - 12.00%	330.60	6,591.13
Maturity between 1 to 3 years	8.50% - 9.30%	9.00% - 11.60%	25,248.82	22,569.34
Maturity between 3 to 5 years	9.30% - 9.30%	-	2,749.93	-
Maturity greater than 5 years	9.75% - 9.75%	9.75% - 9.75%	2,284.44	3,663.44
Total			**30,613.79**	**32,823.90**
Less: Unamortised finance cost			(133.37)	(103.21)
Total Amortised Cost			**30,480.42**	**32,720.69**

18 Subordinated liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
At amortised cost		
Unsecured		
Others (Tier II capital)		
- Redeemable subordinate debt instruments to the extent that do not qualify as equity	2,036.64	2,035.15
- From banks (subordinated debts)	-	1,994.24
Total (A)	**2,036.64**	**4,029.39**
Subordinated debts in India	2,036.64	4,029.39
Subordinated debts outside India	-	-
Total (B)	**2,036.64**	**4,029.39**

Terms of repayment schedule of redeemable subordinate debt instruments to the extent that do not qualify as equity

Maturity schedule	Interest rate range		Carrying Amount	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Maturity within 1 year	12.70% - 12.75%	-	2,039.82	-
Maturity between 1 to 3 years	-	13.50% - 13.50%	-	2,041.38
Total			**2,039.82**	**2,041.38**
Less: Unamortised finance cost			(3.19)	(6.23)
Total Amortised Cost			**2,036.64**	**2,035.15**

Terms of repayment schedule of from banks (subordinated debts)

Maturity schedule	Interest rate range		Carrying Amount	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Maturity within 1 year	-	13.98% - 13.98%	-	2,000.00
Total	**-**	-	**-**	**2,000.00**
Less: Unamortised finance cost			-	(5.76)
Total Amortised Cost			**-**	**1,994.24**

Redeemable subordinate debt instruments to the extent that do not qualify as equity : The Company had issued and allotted NCD @13.50% having face value of ₹ 10,00,000/- each, aggregating up to ₹200,000,000/- on January 31, 2017, which are redeemable on Feburary 03, 2023. These debentures are privately placed and also form part of Tier- II capital as per RBI guidelines and the same is being listed on BSE (WDM).

From banks (subordinated debts) : The Company had issued and allotted bonds @13.98% having face value of ₹ 10,00,000/- each, aggregating up to ₹200,000,000/- on September 24, 2015, which are redeemable on September 30, 2021. These debentures are privately placed and also form part of Tier- II capital as per RBI guidelines.

Notes to the financial statements

as at and for the year ended March 31, 2022

(₹ in lakhs)

19 Other financial liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Lease liability	5,380.64	3,123.87
Creditors for other expenses	2,967.94	2,717.61
Interest payable on direct assignments	709.50	1,115.44
Advances received from customers	656.72	471.08
Pending remittance on assignments	1,276.37	956.87
Temporary credit balance in bank accounts	65.00	176.23
Security and other deposits received	1,692.91	178.36
Unclaimed dividend	0.04	0.05
Total	**12,749.12**	**8,739.51**

20 Provisions

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits		
Gratuity (refer note 41)	774.22	471.96
Compensated absences (refer note 41)	88.45	81.75
Total	**862.67**	**553.71**

21 Other non-financial liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory dues payables	824.12	618.64
Total	**824.12**	**618.64**

22 Equity share capital

Particulars	As at March 31, 2022	As at March 31, 2021
Authorized*		
15,00,00,000 (March 31, 2021: 2,87,50,000) equity shares of ₹2 each fully paid up with voting rights	3,000.00	575.00
Issued and subscribed		
2,92,10,255 (March 31, 2021: 2,62,16,036) equity shares of ₹2 each	584.21	524.32
Paid up (fully paid)		
2,81,92,808 (March 31, 2021: 2,51,98,589) equity shares of ₹2 each	563.85	503.97
Paid up (partly paid)		
10,17,447 (March 31, 2021: 10,17,447) equity shares of ₹2 each (partly paid up ₹1.75 each)	17.81	17.81

Notes to the financial statements
as at and for the year ended March 31, 2022

(₹ in lakhs)

a. Reconciliation of number of shares outstanding at the beginning and at the end of the year :

Particulars	No. of shares	Amount
Equity shares of ₹ 2 each, fully paid-up		
Balance as at April 1, 2020	2,51,94,839	503.90
Add/(less) : Movement during the year	3,750	0.07
As at March 31, 2021	**2,51,98,589**	**503.97**
Add/(less) : Movement during the year	**29,94,219**	**59.88**
As at March 31, 2022	**2,81,92,808**	**563.85**
Equity shares of ₹ 2 each, partly paid-up		
Balance as at April 1, 2020	-	-
Add/(less) : Movement during the year	10,17,447	17.81
As at March 31, 2021	**10,17,447**	**17.81**
Add/(less) : Movement during the year	-	-
As at March 31, 2022	**10,17,447**	**17.81**

b. Rights, preferences and restrictions attached to equity shares

The Company has only one class of outstanding equity shares having a face value of ₹ 2 per share. In respect of every equity share (whether fully paid or partly paid), voting right shall be in the same proportion as the capital paid up on such equity share. During the year the Company has not declared and paid any dividend. In the event of the liquidation of the Company, the holder of the equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to capital paid upon such equity share.

c. Details of shares held by each shareholder holding more than 5% shares in the Company

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number of shares	% Holding	Number of shares	% Holding
Equity shares				
Rajendra Kumar Setia	1,12,57,463	38.27%	1,13,45,000	43.00%
Norwest Venture Partners X – Mauritius	71,28,818	24.51%	62,76,000	24.06%
Baring Private Equity India AIF	13,58,414	4.67%	15,40,000	5.90%
Evolvence Coinvest	12,17,201	4.19%	18,99,647	7.28%
TPG Growth IV	55,14,119	18.96%	43,89,035	16.82%
Total	**2,64,76,015**	**90.60%**	**2,54,49,682**	**97.07%**

d. Number of shares reserved for share options

Particulars	As at March 31, 2022	As at March 31, 2021
Equity shares of ₹ 2 fully paid up		
Number of shares reserved for ESOPs (refer note no. 42)	3,83,875	4,03,000

Notes to the financial statements

as at and for the year ended March 31, 2022

(₹ in lakhs)

e. Details of shares held by promoters

As at March 31, 2022

Particulars	Promoter Name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total Shares	% change during the year
Equity shares of ₹ 2 each fully paid	Rajendra Kumar Setia- Promoter	1,03,27,547	(87,531)	1,02,40,016	35.05	0.29
Equity shares of ₹ 2 each fully paid	Rajendra Kumar Setia HUF- Promoter	62,500	-	62,500	0.21	-
Equity shares of ₹ 2 each partly paid	Rajendra Kumar Setia- Promoter	10,17,447	-	10,17,447	3.48	-
Equity shares of ₹ 2 each fully paid	Bhajan Devi Setia- Promoter Group	650	-	650	-	-
Equity shares of ₹ 2 each fully paid	Yash Setia- Promoter Group	650	-	650	-	-
Equity shares of ₹ 2 each fully paid	Raj Kumar Setia- Promoter Group	-	57,556	57,556	0.20	0.20
Equity shares of ₹ 2 each fully paid	Shalini Setia- Promoter Group	650	-	650	-	-
Equity shares of ₹ 2 each fully paid	Sameer Arora- Promoter Group	-	2,250	2,250	0.01	0.01
Total		**1,14,09,444**	**(27,725)**	**1,13,81,719**		

As at March 31, 2021

Particulars	Promoter Name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total Shares	% change during the year
Equity shares of ₹ 2 each fully paid	Rajendra Kumar Setia- Promoter	1,03,27,547	-	1,03,27,547	39.39	-
Equity shares of ₹ 2 each fully paid	Rajendra Kumar Setia HUF- Promoter	62,500	-	62,500	0.23	-
Equity shares of ₹ 2 each partly paid	Rajendra Kumar Setia- Promoter	-	10,17,447	10,17,447	3.88	3.88
Equity shares of ₹ 2 each fully paid	Bhajan Devi Setia- Promoter Group	650	-	650	-	-
Equity shares of ₹ 2 each fully paid	Yash Setia- Promoter Group	650	-	650	-	-
Equity shares of ₹ 2 each fully paid	Raj Kumar Setia- Promoter Group	-	-	-	-	-
Equity shares of ₹ 2 each fully paid	Shalini Setia- Promoter Group	650	-	650	-	-
Equity shares of ₹ 2 each fully paid	Sameer Arora- Promoter Group	-	-	-	-	-
Total		**1,03,91,997**	**10,17,447**	**1,14,09,444**		

f. During the year ended March 31, 2022, the Company have issued 29,80,344 fully paid equity shares of ₹ 2/- each. Also, the Company have allotted 13,875 shares to employees in accordance with the Company's Employees Stock Option Scheme(s). During the year ended March 31, 2021, the Company have issued 10.17 lakh equity share (partly paid up), of face value of ₹ 2 per equity share on private placement basis.

g. Shares allotted as fully paid-up without payment being received in cash / by way of bonus shares:-

The Company have not issued bonus shares or shares for consideration other than cash during the five year period immediately preceding the reporting date.

Notes to the financial statements

as at and for the year ended March 31, 2022

(₹ in lakhs)

h. Shares bought back :- Company has not bought back any of its securities during the five year period immediately preceding the reporting date.

22 Other equity

Particulars	As at March 31, 2022	As at March 31, 2021
Securities premium account	1,13,444.09	65,263.25
Share options outstanding account	431.73	391.35
Statutory reserve u/s 45-IC (1) of RBI act,1934	8,903.04	6,045.56
Retained earnings- other than remeasurement of post employment benefit obligations	36,367.87	24,937.94
Retained earnings- remeasurement of post employment benefit obligations	(84.50)	(12.17)
Total	**1,59,062.23**	**96,625.93**

23.1 Nature and purpose of reserve

Securities premium account

Securities premium account is used to record the premium received on issue of shares. It is utilized in accordance with the provisions of the companies act, 2013.

Share options outstanding account

In accordance with resolution approved by the shareholders, the Company has reserved shares options, for issuance to the eligible employees through ESOP scheme. The Company has approved stock option scheme on September 11, 2018 as amended from time to time. The Administrator (i.e. nomination and remuneration committee ('NRC') of the Company's board of directors) has the power to grant the options in pursuance to the ESOP scheme, each option consist of one equity share.

Such option vest at a definite date, save for specific incidents, prescribed in the schemes as framed/ approved by the Company. Such options are exercisable for a period following vesting at the discretion of the NRC, subject to the conditions presecribed in the ESOP scheme as amended from time to time.

Statutory reserve u/s 45 IC of the Reserve Bank of India (RBI) Act, 1934

This is a Statutory reserve created in accordance with section 45 IC(1) of the RBI Act, 1934 which requires the Company to transfer a specified sum (not less than 20% of its profit after tax) to Reserve Fund based on its net profit as per the statement of profit and loss. As per Section 45 IC(2) of the RBI Act, 1934, no appropriation of any sum from this reserve fund shall be made by the NBFC.

Retained earnings- other than remeasurement of post employment benefit obligations

Retained earnings represents surplus/accumulated earnings of the Company and are available for distribution to shareholders.

Retained earnings- remeasurement of post employment benefit obligations

The Company recognises change on account of remeasurement of the net defined benefit liability / asset as part of retained earnings.

Notes to the financial statements

as at and for the year ended March 31, 2022

(₹ in lakhs)

23.2 Other equity movement

	Particulars	As at March 31, 2022	As at March 31, 2021
(i)	**Securities premium account**		
	Opening balance	65,263.25	65,247.78
	Addition during the year	48,730.69	15.47
	Deduction during the year	(549.85)	-
	Closing balance	**1,13,444.09**	**65,263.25**
(ii)	**Share options outstanding account**		
	Opening balance	391.35	261.55
	Addition during the year	71.99	133.45
	Transfer to securities preminum account	(31.61)	(3.65)
	Closing balance	**431.73**	**391.35**
(iii)	**Statutory reserve u/s 45 IC of the RBI Act, 1934**		
	Opening balance	6,045.56	4,223.88
	Transfer from retained earnings	2,857.48	1,821.68
	Closing balance	**8,903.04**	**6,045.56**
(iv)	**Retained earnings- other than remeasurement of post employment benefit obligations**		
	Opening balance	24,937.94	17,651.21
	Net profit for the year	14,287.41	9,108.41
	Transfer to statutory reserve	(2,857.48)	(1,821.68)
	Closing balance	**36,367.87**	**24,937.94**
(v)	**Retained earnings- remeasurement of post employment benefit obligations**		
	Opening balance	(12.17)	(15.57)
	Other comprehensive income for the year	(72.33)	3.40
	Closing balance	**(84.50)**	**(12.17)**

24 Interest income

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Financial assets measured at amortised cost		
Interest income on financial assets measured at amortised cost	71,387.88	60,778.14
Interest on fixed deposits	2,635.60	2,889.76
Other interest income		
On assignments	452.83	851.30
Financial Assets measured at fair value through profit or loss (FVTPL)		
Income on investment	3,049.04	-
Total	**77,525.35**	**64,519.20**

25 Fees and commission income

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Foreclosure and other charges	2,473.54	1,450.64
Total	**2,473.54**	**1,450.64**

Notes to the financial statements

as at and for the year ended March 31, 2022

(₹ in lakhs)

26 Net gain on fair value changes

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Net gain on financial instruments at fair value through profit or loss		
On trading portfolio		
-Investments	1,336.33	814.64
-Derivative contracts	103.01	501.20
Total net gain on fair value changes	**1,439.34**	**1,315.84**
Fair value changes:		
-Realized	1,296.08	784.90
-Unrealized	143.26	530.94
Total net gain on fair value changes	**1,439.34**	**1,315.84**

27 Other income

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Income from support services	628.17	660.79
Liability no longer required written back (refer note 41)	-	301.17
Miscellaneous income	2.32	1.49
Total	**630.49**	**963.45**

28 Finance costs

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
At amortised cost		
Interest on debt securities	16,017.98	16,984.38
Interest on other borrowings	17,605.40	11,523.81
Interest on subordinated liabilities	396.15	527.27
Interest on lease liability	551.75	320.81
Other borrowing costs	69.32	187.95
Other interest expenses	40.91	157.05
Total	**34,681.51**	**29,701.27**

29 Impairment on financial instruments

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
At amortised cost		
Loans	(3,212.56)	4,489.17
Bad debts written-off (net of recoveries)	4,841.09	4,789.58
Total	**1,628.53**	**9,278.75**

Notes to the financial statements

as at and for the year ended March 31, 2022

(₹ in lakhs)

30 Employee benefit expenses

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries and wages	18,413.56	10,744.82
Contribution to provident and other funds	1,300.60	832.39
Staff welfare expenses	472.99	87.94
Gratuity and compensated absence (refer note 41)	233.03	135.39
Share based payments to employees (refer note 42)	71.99	133.45
Total	**20,492.17**	**11,933.99**

31 Depreciation and amortization

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Depreciation on property, plant and equipment (refer note 11)	797.29	557.32
Depreciation on right of use assets (refer note 11)	672.66	537.21
Amortization of intangible assets (refer note 14)	111.47	38.78
Total	**1,581.42**	**1,133.31**

32 Other expenses

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Rates and taxes	16.14	74.33
Repairs and maintenance	107.07	103.39
Communication costs	319.54	206.90
Advertisement and publicity expenses	146.19	64.67
Business promotion expenses	113.59	29.24
Director's fees, allowances and expenses	37.19	19.95
Auditor's fees and expenses (refer note 36)	66.15	51.71
Legal and professional charges	1,357.09	739.15
Electricity and power expenses	240.89	131.56
Collection expenses	705.08	450.50
Travelling expenses	937.18	442.03
Other administrative expenses	1,581.84	1,122.74
Collateral management expenses	107.62	233.86
Expenses towards corporate social responsibility (refer note 37)	189.20	190.13
Total	**5,924.77**	**3,860.16**

33 Maturity Analysis of Assets and Liabilities

The table below shows an analysis of assets and liabilities according to be when they are expected to be recovered or settled.

Particulars	As at March 31, 2022			As at March 31, 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	17,455.85	-	17,455.85	23,331.49	-	23,331.49
Bank balance other than cash and cash equivalents	41,252.38	3,082.16	44,334.54	30,342.90	8,167.24	38,510.14
Derivative financial instrument	-	479.57	479.57			
Receivables						
Other receivables	223.11	-	223.11	447.30	-	447.30
Loans	1,73,276.95	2,91,053.24	4,64,330.19	1,24,376.87	2,03,612.73	3,27,989.60

Notes to the financial statements

as at and for the year ended March 31, 2022

(₹ in lakhs)

Particulars	As at March 31, 2022			As at March 31, 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Investments	75,547.46	2,636.79	78,184.25	25,887.65	-	25,887.65
Other financial assets	1,603.49	1,911.99	3,515.48	2,968.68	945.39	3,914.07
Total financial assets	**3,09,359.24**	**2,99,163.76**	**6,08,522.99**	**2,07,354.89**	**2,12,725.36**	**4,20,080.25**
Non-financial assets						
Current tax assets (net)	267.02	735.64	1,002.66	-	30.86	30.86
Deferred tax assets (net)	-	3,617.78	3,617.78	-	3,888.27	3,888.27
Property, plant and equipment	-	9,737.78	9,737.78	-	5,601.55	5,601.55
Capital work-in-progress	-	-	-	-	42.85	42.85
Intangible assets under development	-	16.43	16.43	-	89.35	89.35
Other intangible assets	-	583.66	583.66	-	118.15	118.15
Other non-financial assets	357.32	66.24	423.56	312.92	39.05	351.97
Total non-financial assets	**624.33**	**14,757.54**	**15,381.87**	**312.92**	**9,810.08**	**10,123.00**
Total assets	**3,09,983.57**	**3,13,921.29**	**6,23,904.86**	**2,07,667.81**	**2,22,535.44**	**4,30,203.25**
LIABILITIES						
Financial liabilities						
Derivatives financial instruments	12.88	39.48	52.36	50.59	-	50.59
Debt securities*	71,864.39	75,493.52	1,47,357.91	44,056.34	1,07,975.75	1,52,032.09
Borrowings (other than debt securities)	1,39,156.09	1,61,222.06	3,00,378.15	83,905.18	82,468.61	1,66,373.79
Subordinated liabilities	2,036.64	-	2,036.64	2,035.62	1,993.77	4,029.39
Other financial liabilities	7,056.02	5,693.10	12,749.12	5,687.15	3,052.36	8,739.51
Sub total	**2,20,126.02**	**2,42,448.16**	**4,62,574.18**	**1,35,734.88**	**1,95,490.49**	**3,31,225.37**
Non-Financial liabilities						
Current tax liabilities (Net)	-	-	-	657.82	-	657.82
Provisions	20.30	842.37	862.67	112.91	440.80	553.71
Other non-financial liabilities	824.12	-	824.12	618.64	-	618.64
Sub total	**844.42**	**842.37**	**1,686.79**	**1,389.37**	**440.80**	**1,830.17**
Total Liabilities	**2,20,970.44**	**2,43,290.53**	**4,64,260.97**	**1,37,124.25**	**1,95,931.29**	**3,33,055.54**

* Debt securities includes put options of ₹ 8,600.00 lakhs (March 31, 2021 ₹ 11,100.00 lakhs), which is considered in the current year maturities due to earliest maturity date of embedded options on debt securities irrespective of exercise of put option by the investor.

34 Tax expenses

(a) Amounts recognized in statement of profit and loss

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Current tax expense		
Current period	3,643.65	4,295.40
Tax related to earlier years	(465.56)	895.34
Total current tax expense (A)	**3,178.09**	**5,190.74**
Deferred tax (asset) / liability, net		
Origination and reversal of temporary differences	294.82	(1,957.50)
Deferred tax (income) / expense (B)	**294.82**	**(1,957.50)**
Total tax expense for the year (A)+(B)	**3,472.91**	**3,233.24**

Notes to the financial statements

as at and for the year ended March 31, 2022

(₹ in lakhs)

(b) Amounts recognized in other comprehensive income

Particulars	For the year ended March 31, 2022			For the year ended March 31, 2021		
	Before tax	Tax (expense) / benefit	Net of tax	Before tax	Tax (expense) / benefit	Net of tax
Items that will not be reclassified to profit or (loss)						
- Remeasurements of the defined benefit plans	(96.66)	24.33	(72.33)	4.55	(1.15)	3.40
Total	**(96.66)**	**24.33**	**(72.33)**	**4.55**	**(1.15)**	**3.40**

(c) Reconciliation of effective tax rate

Particulars	For the year ended March 31, 2022		For the year ended March 31, 2021	
	Amount	% terms	Amount	% terms
Profit before tax as per Statement of profit and loss	17,760.32		12,341.65	
Tax using the Company's domestic tax rate (current year 25.168% previous Year 25.168%)	4,469.92	25.17%	3,106.15	25.17%
Add/(less) : Adjustments for taxes				
CSR expense	47.62	0.27%	47.85	0.39%
Tax related to earlier years	(465.56)	-2.62%	-	0.00%
Other permanent differences	(579.07)	-3.26%	79.24	0.64%
Total adjustments	(997.01)	-5.61%	127.09	1.03%
Total tax expense	**3,472.91**	**19.55%**	**3,233.24**	**26.20%**

The Company has elected to exercise the option permitted under Section 115BAA of the Income-tax Act, 1961, as introduced by the Taxation Laws (Amendment) Ordinance, 2019.

(d) Movement in deferred tax balances

Particulars	As at March 31, 2022					
	Net balance March 31, 2021	Recognized in profit or loss	Recognized in OCI	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset/(liabilities)						
Expected credit loss (ECL)	3,913.28	(838.50)	-	3,074.78	3,074.78	-
Unamortized Processing fee	114.08	64.08	-	178.16	178.16	-
Employee benefits	139.36	53.43	24.33	217.12	217.12	-
Fair valuation impact on investments	(7.49)	(10.12)	-	(17.61)	-	17.61
Leases	132.79	41.56	-	174.35	174.35	-
Upfront EIS income	(289.07)	144.73	-	(144.34)	-	144.34
Depreciation on property, plant and equipment	11.46	(20.70)	-	(9.24)	-	9.24
Other adjustments	(126.14)	270.70	-	144.56	144.56	-
Total	**3,888.27**	**(294.82)**	**24.33**	**3,617.78**	**3,788.97**	**171.19**

Notes to the financial statements

as at and for the year ended March 31, 2022

(₹ in lakhs)

Particulars	As at March 31, 2021					
	Net balance March 31, 2021	Recognized in profit or loss	Recognized in OCI	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset/(liabilities)						
Expected credit loss (ECL)	3,157.28	756.00	-	3,913.28	3,913.28	-
Unamortized Processing fee	126.17	(12.09)	-	114.08	114.08	-
Employee benefits	230.35	(89.84)	(1.15)	139.36	139.36	-
Fair valuation impact on investments	(170.60)	163.11	-	(7.49)	-	7.49
Leases	110.44	22.35	-	132.79	132.79	-
Upfront EIS income	(1,399.13)	1,110.06	-	(289.07)	-	289.07
Depreciation on property, plant and equipment	(20.23)	31.69	-	11.46	11.46	-
Other adjustments	(102.36)	(23.78)	-	(126.14)	-	126.14
Total	**1,931.92**	**1,957.50**	**(1.15)**	**3,888.27**	**4,310.97**	**422.70**

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Significant management judgment is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred tax assets is based on estimates of taxable income in which the Company operates and the period over which deferred tax assets will be recovered.

35 Earnings per equity share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year. Partly paid up shares are included as fully paid equivalents according to the fraction paid up.

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
(i) Profit for the year, attributable to equity shareholders	14,287.41	9,108.41
(ii) Weighted average number of equity shares for basic earnings per share	283.10	252.00
(iii) Effect of dilution:	3.48	2.40
(iv) Weighted average number of equity shares for diluted earnings per share	286.58	254.40
Earning per share (basic) (i/ii)	50.47	36.14
Earning per share (diluted) (i/iv)	49.85	35.80

36 Payment to auditors

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
As an Auditor:		
Audit fees	47.55	36.49
Limited review	17.10	5.51
For other services:		
Certification fees	1.50	6.54
Reimbursement of expenses	-	3.17
Total	**66.15**	**51.71**

Notes to the financial statements

as at and for the year ended March 31, 2022

(₹ in lakhs)

37 Corporate social responsibility (CSR)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
a. Amount required to be spent by the Company during the year	189.20	189.63
b. Amount spent during the year ending on March 31, 2022:		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	17.11	190.13

c. Pursuant to Section 135 (5) & (6) of Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has transferred ₹ 172.10 lakhs in a separate bank account as "Unspent CSR Account", which will be spent over the period of 3 years.

d. Details of related party transactions in relation to CSR expenditure as per Ind AS 24, Related Party Disclosures (refer note no 39).

e. The Company has undertaken CSR Activities as per schedule VII of the Companies Act, 2013.

38 Contingent liabilities and commitments

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
(i) Contingent liabilities:-		
(a) Claims against the Company not acknowledged as debt;		
- Indirect tax matter	1,355.50	1,304.40
- Direct tax matter	33.46	-
(b) Guarantees:-		
- Corporate guarantees towards securitization transaction	333.32	500.00
- towards law suits, claims and proceedings, including collection and repossession related matters, which arise in the ordinary course of business.	9.73	8.69
	1,732.01	**1,813.09**
(ii) Commitments:-		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided	-	-
(b) Other commitments	-	100.00
	-	**100.00**

i) Demand raised by the office of commissioner, central excise, Jaipur for the period December 2010 to June 2017 (net of amount paid under protest and provided), for non-payment of service tax on services rendered towards collection of receivables and liquidity facilities in respect of securitization / direct assignments transactions is ₹ 1,355.50 lakhs. Company has filed an appeal against this order with the CESTAT, New Delhi and has deposited an amount equal to 7.5% of the tax demand i.e. ₹ 51.10 lakhs under protest.

ii) The Assistant Commissioner, Income Tax, through an order dated March 31, 2022, has confirmed the demand of income tax of ₹ 33.46 lakhs from the Company and thereby reducing the amount of refund with the same in relation to under reporting of income. The Company has filled the appeal for the same on April 23, 2022 to commissioner of income-tax (Appeals).

iii) The Company's pending litigations comprises of claims against the Company by the customer and proceedings pending with other authorities. The Company have reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in the financial statements. The Company do not expect the outcome of these proceedings to have a materially adverse effect on its financial statements.

Notes to the financial statements

as at and for the year ended March 31, 2022

(₹ in lakhs)

39 Related party disclosure

Related party disclosures, as required by notified Ind AS 24 - 'Related party disclosures' are given below:

A. Names of related parties

Sr. No.	Particulars	
(a)	**Names of the related parties where control exists**	
	The Company has no subsidiary and holding Company	
(b)	**Key management personnel**	
	Rajendra Kumar Setia	Managing Director
	Shalini Setia	Whole-time Director
	Amar Lal Daultani	Independent Director
	Anand Raghavan	Independent Director
	Gaurav Trehan	Nominee Director (upto May 22, 2020)
	Akshay Tanna	Nominee Director (w.e.f. June 03, 2020)
	Munish Dayal	Nominee Director (upto November 09, 2020)
	Debanshi Basu	Nominee Director (w.e.f. November 09, 2020)
(c)	**Relatives of key management personnel**	
	Raj Kumar Setia	Brother of Managing Director
	Surendra Kumar Setia	Brother of Managing Director
	Sameer Arora	Brother of Whole-time Director
	Sanjeev Arora	Brother of Whole-time Director
	Yash Setia	Son of Managing Director
(d)	**Entities controlled or jointly controlled by individual having significant influence or their relatives**	
	Sharma Brothers - Partnership firm	
	Shubham Leasing & Financial Company - Sole proprietorship	
	Infrasoft Technologies Limited - Company	
	Ess Kay Foundation - Trust	

Disclosure has been made only when there have been any transactions with those parties.

B. Transactions with related parties

(a) Key management personnel compensation

The table below describes the compensation to key management personnel under Ind AS 24:

Sr. No.	Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
i.	Short-term employee benefits	307.24	238.36
ii.	Post-employment benefits	-	-
iii.	Other long-term benefits	-	-
iv.	Termination benefits	-	-
v.	Share-based payment	-	-

Notes to the financial statements

as at and for the year ended March 31, 2022

(₹ in lakhs)

B. Transactions with related parties

Nature of Transaction	Year ended March 31	Key Management Personnel and Relatives	Entities controlled or jointly controlled by individual having significant influence or their relatives	Total
Salary #	**2022**	**532.19**	**-**	**532.19**
	2021	369.28	-	369.28
Sitting fees	**2022**	**37.19**	**-**	**37.19**
	2021	19.95	-	19.95
Insurance expenses	**2022**	**4.68**	**-**	**4.68**
	2021	4.68	-	4.68
Commission	**2022**	**-**	**1.68**	**1.68**
	2021	-	9.12	9.12
Rent expenses	**2022**	**39.43**	**-**	**39.43**
	2021	37.55	-	37.55
Software expenses	**2022**	**-**	**6.47**	**6.47**
	2021	-	10.03	10.03
Legal & Professional Charges	**2022**	**3.59**	**-**	**3.59**
	2021	-	-	-
Corporate social responsibility expenditure	**2022**	**-**	**4.10**	**4.10**
	2021	-	176.72	176.72
Issue of share capital	**2022**	**2,200.00**	**-**	**2,200.00**
	2021	20.35	-	20.35
Donation	**2022**	**-**	**1.65**	**1.65**
	2021	-	-	-
Outstanding balances				
Salary payable	**2022**	**47.88**	**-**	**47.88**
	2021	22.34	-	22.34
Advance salary	**2022**	**3.50**	**-**	**3.50**
	2021	-	-	-
Legal & Professional Charges	**2022**	**1.52**	**-**	**1.52**
	2021	-	-	-
Commission payable	**2022**	**-**	**-**	**-**
	2021	-	2.92	2.92
Software expenses payable	**2022**	**-**	**-**	**-**
	2021	-	0.55	0.55

the above details does not include employee stock option plan cost charged in profit and loss.

As liability for gratuity is provided on actuarial basis, and calculated for Company as a whole, the said expense/ liability pertaining specifically to key managerial personnel are not known, and hence, not included in the above table.

(c) Terms and conditions of transactions with related parties

All transactions with these related parties are priced on an arm's length basis. Outstanding amount as at the end of the year are unsecured and to be settled in cash.

Notes to the financial statements

as at and for the year ended March 31, 2022

(₹ in lakhs)

40 Leases

Lease in the capacity of Lessee:

The Company's lease asset primarily consist of leases for office premises. At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee.

The table below provides details for the changes in the carrying value of right of use assets

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	2,710.17	2,097.10
Additions	2,783.75	1,150.28
Depreciation	(672.66)	(537.21)
Closing balance	**4,821.26**	**2,710.17**

The table below provides details for the changes in the lease liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	3,123.87	2,368.33
Additions	2,748.47	1,135.40
Finance cost accrued during the period	551.75	320.82
Payment of lease liabilities	(1,043.45)	(700.68)
Closing balance	**5,380.64**	**3,123.87**

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis

Particulars	As at March 31, 2022	As at March 31, 2021
Within one year	1,171.08	798.16
One to three years	2,174.43	1,427.69
Three to five years	1,665.02	1,093.04
More than five years	2,770.83	1,314.82
Closing balance	**7,781.36**	**4,633.71**

41 Employee benefits

A. The Company contributes to the following post-employment defined benefit plans in India.

(i) Defined contribution plans:

The Company makes provident fund contributions to recognized provident fund for employees. The Company have recognized ₹1300.60 lakhs (year ended March 31, 2021 ₹ 832.39 lakhs) for provident fund and national pension fund contributions in the statement of profit and loss.

(ii) Defined benefit plan:

Gratuity :-

The Company accounts for the liability for future gratuity benefits based on an actuarial valuation. The net present value of the Company's obligation is actuarially determined based on the projected unit credit method as at Balance Sheet date.

Notes to the financial statements

as at and for the year ended March 31, 2022

(₹ in lakhs)

A. Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognized in the Company's financial statements as at balance sheet date:

Particulars	As at March 31, 2022	As at March 31, 2021
Present value of defined benefit obligation (A)	774.22	471.96
Fair value of plan assets (B)	-	-
Net liability recognized in the Balance Sheet (A-B)	**774.22**	**471.96**

B. Movement in net defined benefit liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit liability and its components.

Particulars	Defined benefit obligation	
	As at March 31, 2022	As at March 31, 2021
Opening balance	471.96	352.00
Included in profit or loss		
Current service cost	183.49	115.43
Past service cost	-	-
Interest cost	30.72	19.96
	686.17	**487.39**
Included in OCI		
Remeasurement loss (gain):		
Actuarial loss (gain) arising from:		
Demographic assumptions	(3.39)	(2.10)
Financial assumptions	(11.28)	9.16
Experience adjustment	111.34	(11.60)
Return on plan assets excluding interest income	-	-
	96.67	**(4.54)**
Other		
Contributions paid by the employer		
Benefits paid	(8.62)	(10.89)
Liabilities settled		-
Closing balance	**774.22**	**471.96**

C. Defined benefit obligations

i. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages)

Particulars	As at March 31, 2022	As at March 31, 2021
Discount rate	6.90%	6.57%
Salary increase rate	7.00%	7.00%
Attrition Rate	9% - 45%	8% - 42%
Retirement Age (in years)	60	60
Pre-retirement mortality	IALM (2012-14) Ultimate	IALM (2012-14) Ultimate
Disability	Nil	Nil

Assumptions regarding future mortality have been based on published statistics and mortality tables.

Notes to the financial statements

as at and for the year ended March 31, 2022

(₹ in lakhs)

ii. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below :

Particulars	As at March 31, 2022		As at March 31, 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (100 bps)	712.98	845.54	431.28	519.89
Future salary growth (100 bps)	836.78	718.70	514.92	434.50
Attrition (100 bps)	768.44	780.02	467.32	476.83

D. Expected maturity analysis of the defined benefit plans in future years

Particulars	As at March 31, 2022	As at March 31, 2021
Expected contributions / Addl. provision next year	183.49	115.43
Expected total benefit payments		
Year 1	61.98	37.36
Year 2	69.73	36.80
Year 3	70.80	39.67
Year 4	70.04	45.29
Year 5	73.32	34.66
Next 5 years	288.24	165.77

E. Description of risk exposures

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such entity is exposed to various risk as follows:

Salary increases : The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Discount rate : Reduction in discount rate in subsequent valuations can increase the plan’s liability.

Mortality & disability : Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

Withdrawals : Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact plan’s liability.

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F. Compensated absences

During the year ended on March 31, 2021, the Company has changed the policy of leave encashment of unavailed leaves for its employees. As per the revised policy, all the outstanding leaves shall lapse at the end of every calendar year. The Company have created provision for compensated absences on estimate basis for unavailed leave as on March 31, 2022. Amount recognised in the Statement of profit and loss for compensated absences is as under:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Liability no longer required written back (refer note 27 - Other income)	-	301.17
Compensated absences	88.45	-

G. The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

42 Share Based Payment

i. Share option plans (equity-settled)

The Company had formulated and implemented a policy i.e. Employee Stock Option Plan 2018 approved by the shareholders on September 11, 2018 which was amended and replaced by "Amended and Restated Employee Stock Option Plan 2018" ("Plan") by the shareholders on October 31, 2018. Further, the shareholders of the Company recently amended the scheme on March 11, 2022. The Nomination and Remuneration Committee (NRC) of the Board of Directors of the Company, inter alia, administers and monitors the Plan in accordance with the provisions of Companies Act, 2013 and rules made thereunder. It was further classified in two schemes (i.e. ESOP-I and ESOP-II).

ESOP - I:-

The exercise price of the options granted as per plan is ₹ 249.35/-. Out of options granted, 25% shares will vest at the end of eighteen months from the date of grant, 25% at the end of the thirty months, 25% at the end of the forty-two months and balance 25% at the end of fifty-four months. The fair value of the options will be estimated at the grant date using a Black-Scholes pricing model, taking into account the terms and conditions upon which the ESOP were granted.

Such option vest at definite date, save for specific incidents, prescribed in the schemes as framed/ approved by NRC. Such options are exercisable for a period following vesting at the discretion of the NRC, subject to a maximum of 7 years from the date of vesting for ESOP Schemes.

ESOP - II:-

The exercise price of the options granted as per plan is ₹ 596.29/-. Out of options granted, 25% shares will vest at the end of eighteen months from the date of grant, 25% at the end of the thirty months, 25% at the end of the forty-two months and balance 25% at the end of fifty-four months. The fair value of the options will be estimated at the grant date using a Black-Scholes pricing model, taking into account the terms and conditions upon which the ESOP were granted.

Such option vest at definite date, save for specific incidents, prescribed in the schemes as framed/ approved by NRC. Such options are exercisable for a period following vesting at the discretion of the NRC, subject to a maximum of 7 years from the date of vesting for ESOP Schemes.

The fair value of the option is determined using a Black-Scholes options pricing model. During the year ₹71.99 lakhs (March 31, 2021: ₹133.45 lakhs) has recognized to the Company's statement of profit or loss in respect of equity-settled share-based payments transactions (refer note no 30).

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(₹ in lakhs)

A Measurement of fair values

Movement in the options outstanding under the Employees Stock Option Plan for the year ended March 31, 2022

Scheme reference	Grant date	Balance as at April 01, 2021	Granted during the year	Exercised during the year	Lapsed/ cancelled/ adjusted during the year	Balance as at March 31, 2022	Exercise price
ESOP - I	15-Oct-18	3,51,250	-	(6,875)	2,000	3,46,375	249.35
ESOP - II	02-Apr-19	12,500	-	-	-	12,500	596.29
ESOP - II	01-Aug-19	14,000	-	(7,000)	(7,000)	-	596.29
ESOP - II	05-Nov-20	25,000	-	-	-	25,000	596.29
		4,02,750	**-**	**(13,875)**	**(5,000)**	**3,83,875**	

Movement in the options outstanding under the Employees Stock Option Plan for the year ended March 31, 2021

Scheme reference	Grant date	Balance as at April 01, 2021	Granted during the year	Exercised during the year	Lapsed/ cancelled/ adjusted during the year	Balance as at March 31, 2022	Exercise price
ESOP - I	15-Oct-18	3,79,250	-	(3,750)	(24,250)	3,51,250	249.35
ESOP - II	02-Apr-19	12,500	-	-	-	12,500	596.29
ESOP - II	01-Aug-19	14,000	-	-	-	14,000	596.29
ESOP - II	05-Nov-20	-	25,000	-	-	25,000	596.29
		4,05,750	**25,000**	**(3,750)**	**(24,250)**	**4,02,750**	

Fair value of share options

The fair value of options granted is estimated using the Black Scholes Option Pricing Model after applying the key assumption which are tabulated below.

Scheme	ESOP - I	ESOP - II	ESOP - II	ESOP - II
Grant Date	15-Oct-18	02-Apr-19	01-Aug-19	05-Nov-20
Exercise price (₹)	249.35	596.29	596.29	596.29
Expected life of the option (Years)	4.50 to 7.50	4.50 to 7.50	4.50 to 7.50	1.50 to 4.50
Annual Dividend yield	Nil	Nil	Nil	Nil
Expected volatility	0.30	0.30	0.30	0.47
Risk free rate	7.81% to 7.98%	7.81% to 7.98%	7.81% to 7.98%	3.82% to 5.01%
Fair value per share options (₹)	97.35 to 131.86	232.65 to 315.15	232.65 to 315.15	175.71 to 301.46
Market price (₹)	249.40	596.29	596.29	636.30

43 Transfer of Financial Assets

43.1 Transfer of financial assets that do not result in derecognition

The Company has transferred its receivables through securitization agreement with a first loss default guarantee (FLDG) such as corporate guarantee, cash collateral, subscription to subordinated Pass through certificates (PTCs) etc.. The Company have also agreed to provide servicing assistance to the transferee pursuant to the terms of servicing agreement.

In view of the above, the Company has retained substantially all the risks and rewards of ownership of the financial asset and thereby does not meet the derecognition criteria as set out in Ind-AS 109 and recognises an associated liability for the consideration received.

The Company had no ability to use these assets during the tenure of the receivables in view of the legal transfer pursuant to securitisation agreement.

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(₹ in lakhs)

The following table sets out the carrying amount of the financial assets transferred that are not derecognized in their entirety and associated liabilities:

Particulars	As at March 31, 2022	As at March 31, 2021
Securitisation		
Carrying amount of assets	35,946.09	41,660.65
Carrying amount of associated liabilities	30,480.42	32,720.69
Fair value of assets (A)	37,305.77	43,054.18
Fair value of associates liabilities (B)	30,541.86	32,696.83
Net position at Fair Value (A-B)	**6,763.91**	**10,357.35**

43.2 Transfer of financial assets that are derecognised

During the year, the Company has assigned loans (earlier measured at amortised cost) by way of direct assignment as per the agreed terms of the deals. Since substantial risk and rewards related to these assets were transferred to the buyer, the assets have been de-recognised from the books of accounts. The table below summarises the carrying amount of the derecognised financial assets measured at amortised cost and the gain/(loss) on derecognition during the year:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Direct assignment		
Initial carrying amount of transferred assets measured at amortised cost	5,533.76	5,270.11
Initial carrying amount of exposures retained by the Company at amortised cost	553.38	527.01
Gain on sale of the derecognised financial assets	299.84	538.92

Since the Company transferred the above financial asset in a transfer that qualified for derecognition in its entirety, therefore the whole of the interest spread (over the expected life of the asset) is recognized on the date of derecognition itself as interest strip receivable and correspondingly recognised as profit on derecognition of financial asset.

43.3 Transferred financial assets that are derecognised in their entirety but where the Company has continuing involvement

The Company has not transferred any assets that are derecognised in their entirety where the Company continues to have continuing involvement.

44 Financial Instruments – Fair Values and Risk Management

A. Categories of financial assets and financial liabilities:

The following table shows the carrying amounts of financial assets and financial liabilities which are classified as fair value through profit and loss (FVTPL), Fair value through other comprehensive income (FVTOCI) and amortised cost.

Particulars	As at March 31, 2022				As at March 31, 2021			
	FVTPL	FVTOCI	Amortised Cost	Total	FVTPL	FVTOCI	Amortised Cost	Total
Financial assets								
Cash and cash equivalents	-	-	17,455.85	17,455.85	-	-	23,331.49	23,331.49
Bank balance other than cash and cash equivalent	-	-	44,334.54	44,334.54	-	-	38,510.14	38,510.14
Derivative financial instrument	479.57	-	-	479.57	-	-	-	-
Receivables								
Other receivables	-	-	223.11	223.11	-	-	447.30	447.30
Loans	-	-	4,64,330.19	4,64,330.19	-	-	3,27,989.60	3,27,989.60
Investments	78,184.25	-	-	78,184.25	25,887.65	-	-	25,887.65
Other financial assets	-	-	3,515.48	3,515.48	-	-	3,914.07	3,914.07
Total	**78,663.82**	**-**	**5,29,859.17**	**6,08,522.99**	**25,887.65**	**-**	**3,94,192.60**	**4,20,080.25**

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(₹ in lakhs)

Particulars	As at March 31, 2022				As at March 31, 2021			
	FVTPL	FVTOCI	Amortised Cost	Total	FVTPL	FVTOCI	Amortised Cost	Total
Financial liabilities								
Derivative financial instruments	52.36	-	-	52.36	50.59	-	-	50.59
Debt securities	-	-	1,47,357.91	1,47,357.91	-	-	1,52,032.09	1,52,032.09
Borrowings (other than debt securities)	-	-	3,00,378.15	3,00,378.15	-	-	1,66,373.79	1,66,373.79
Subordinated liabilities	-	-	2,036.64	2,036.64	-	-	4,029.39	4,029.39
Other financial liabilities	-	-	12,749.12	12,749.12	-	-	8,739.51	8,739.51
Total	**52.36**	**-**	**4,62,521.82**	**4,62,574.18**	**50.59**	**-**	**3,31,174.78**	**3,31,225.37**

B Fair value hierarchy:

Fair values of financial assets and financial liabilities measured as fair value, including their Levels in the fair value hierarchy, are presented below.

Particulars	As at March 31, 2022				As at March 31, 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Derivative financial instruments	-	479.57	-	479.57	-	-	-	-
Investments								
Security receipt of ARC	-	683.70	-	683.70	-	-	-	-
Mutual funds units	-	16,406.25	-	16,406.25	-	16,105.74	-	16,105.74
Debts securitites	-	61,094.30	-	61,094.30	-	-	9,781.91	9,781.91
Total	**-**	**78,663.82**	**-**	**78,663.82**	**-**	**16,105.74**	**9,781.91**	**25,887.65**
Financial liabilities								
Derivative financial instruments	-	52.36	-	52.36	-	50.59	-	50.59
Total	**-**	**52.36**	**-**	**52.36**	**-**	**50.59**	**-**	**50.59**

Financial instruments measured at amortised cost

Particulars	As at March 31, 2022			As at March 31, 2021		
	Carrying Amount	Fair Value	Fair Value hierarchy	Carrying Amount	Fair Value	Fair Value hierarchy
Financial assets						
Loans	4,64,330.19	4,83,273.29	Level 3	3,27,989.60	3,43,358.82	Level 3
Total	**4,64,330.19**	**4,83,273.29**		**3,27,989.60**	**3,43,358.82**	
Financial liabilities						
Debt securities	1,47,357.91	1,55,094.97	Level 3	1,52,032.09	1,53,165.95	Level 3
Borrowings (other than debt securities)	3,00,378.15	3,06,181.02	Level 3	1,66,373.79	1,66,673.94	Level 3
Subordinated liabilities	2,036.64	2,034.40	Level 3	4,029.39	4,009.24	Level 3
Total	**4,49,772.70**	**4,63,310.39**		**3,22,435.27**	**3,23,849.13**	

The Financial Assets and Liabilities, such as cash and cash equivalents, bank balances other than cash and cash equivalents, other receivable, other financial assets and liabilities approximate their carrying amounts largely due to the short term maturity of these instruments.

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C Measurement of fair values

The fair value of financial instruments have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements). The categories used are as follows:

The categories used are as follows:

Level 1 : Level 1 hierarchy includes financial instruments measured using unadjusted quoted prices in active markets that the Company has the ability to access for the identical assets or liabilities. A financial instrument is classified as a Level 1 measurement if it is listed on an exchange. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued at the closing NAV.

Level 2 : The fair value of financial instruments that are not traded in active markets is determined using valuation techniques which maximize the use of observable market data either directly or indirectly, such as quoted prices for similar assets and liabilities in active markets, for substantially the full term of the financial instrument but do not qualify as Level 1 inputs. If all significant inputs required to fair value an instrument are observable the instrument is included in Level 2.

Level 3 : If one or more of the significant inputs is not based in observable market data, the instruments is included in Level 3. That is, Level 3 inputs incorporate market participants' assumptions about risk and the risk premium required by market participants in order to bear that risk. The Company develops Level 3 inputs based on the best information available in the circumstances.

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Instrument type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Investments in Mutual funds	The Investment in mutual funds are valued using the closing NAV.	Not applicable	Not applicable
Investments in Debt Securities	Fair value is based on market-observable data such as secondary market prices for its traded debt and where no data is available, it is estimated using prevailing bond rate on balance sheet date.The Company have liquid debt instruments.	Not applicable	Not applicable
Investments in Security receipts	The Investment in security receipts are valued using the closing NAV.	Not applicable	Not applicable
Derivative financial instrument (Assets)	Cross currency interest rate swap (CCIRS) held for the purpose of hedging foreign currency denominated External Commercial Borrowings are accounted as a derivative financial instrument. CCIRS is being considered under Level 2 for fair valuation which is performed through discounted cash flow method by deriving future forward rates from published zero coupon yield curve. All future cashflows for both the paying and receiving legs in the swap contract are discounted to present value using these forward rates and accordingly arrived at the valuation for a point of time.	Not applicable	Not applicable
Derivative financial instrument (Liabilities)	The fair values have been calculated based on Monte Carlo simulation model by an independent merchant banker.	Not applicable	Not applicable

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Financial instruments not measured at fair value

Instrument type	Valuation technique
Loans	The fair values of loans and receivables are calculated using a portfolio-based approach, grouping loans as far as possible into homogenous groups based on similar characteristics. The fair value is then extrapolated to the portfolio using discounted cash flow models that incorporate interest rate estimates considering all significant characteristics of the loans. This fair value is then reduced by impairment allowance which is already calculated incorporating probability of defaults and loss given defaults to arrive at fair value net of risk.
Debt securities, Borrowings other than debt securities and Subordinated liabilities	The fair values of the Company's borrowings and other debt securities are calculated based on a discounted cash flow model and for the purpose of disclosures are classified under Level 3. The discount rates were based on the available interest rates in the market.

Transfer between fair value hierarchy levels

There were no significant changes in the classification and no significant movements between the fair value hierarchy classifications of assets and liabilities.

D Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk ;
- Liquidity risk ; and
- Market risk

i. Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established the Risk Management Committee. The Risk Management committee of Board exercises supervisory power in connection with the risk management of the Company, developing and monitoring risk management policies, monitoring of the exposures, reviewing adequacy of risk management process, ensuring compliance with the statutory/regulatory framework of the risk management process.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

Management believes that an effective Risk Management Process is the key to sustained operations thereby protecting value for all stakeholders, identifying and mitigating and continuously monitoring risks to business, achieving business objectives, improving governance processes and preparing for unplanned circumstances. Management ensures effective Risk Management by implementing following steps:

1. Adheres to procedures described in various policies approved by the Board from time to time by implementing adequate financial controls.
2. Communicates various policies to the stakeholders through suitable training and communication and periodical review of its relevance in changing business atmosphere.
3. Identifies risks and promotes proactive approach for treating such risks.
4. Allocates adequate and timely resources to mitigate, manage and minimize the risks and their adverse impact on outcomes.
5. Strives towards strengthening the Risk Management System through continuous learning and improvement.
6. Complies with all relevant laws and regulations across the areas of operations of the Company.

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7. Optimizes risk situations to manage adverse exposure on deliverables and bring them in line with acceptable risk appetite of the Company in consonance with business objectives.

8. Engages Internal Auditors to periodically review various aspects of the internal control systems. The reports of the internal auditors are reviewed by the Audit Committee.

9. The Company has implemented adequate internal financial controls.

10. The Company has a Board approved Asset Liability Management Policy.

ii. Credit risk

Credit risk is the risk of actual or probable financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and loans and advances now or in future. The sanction and renewal of any credit facility to a particular borrower requires appropriate credit approval by concerned authority. The appropriate authority has been entrusted with the task of verifying the credentials of the customer as per set processes and guidelines. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for group of counterparties and by monitoring exposures in relation to such limits. Credit worthiness of borrowers is regularly reviewed and monitored by line credit risk managers, who are responsible for maintaining the portfolio quality as per given risk – return targets. Further the Company has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties. The credit quality review process aims to allow the Company to assess the potential loss as a result of the risks to which it is exposed and take corrective actions.

The gross carrying amounts of following financial assets represent the maximum credit risk exposure:-

Particulars	As at March 31, 2022	As at March 31, 2021
Loans	4,74,013.75	3,42,236.09
Others	2,468.21	2,002.15
Total	**4,76,481.96**	**3,44,238.24**

a. Credit quality analysis

The following table sets out the information about the credit quality of financial assets measured at amortised cost.

Particulars	As at March 31, 2022				As at March 31, 2021			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired*	Total	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Loans								
Neither Past due nor impaired	3,82,089.97	-	-	3,82,089.97	2,43,077.34	-	-	2,43,077.34
Past Due but not impaired								
01-30 days past due	44,628.24	-	-	44,628.24	45,848.54	-	-	45,848.54
31-90 days past due	-	33,970.52	-	33,970.52	-	39,474.43	-	39,474.43
Impaired (more than 90 days)	-	-	13,325.01	13,325.01	-	-	13,835.78	13,835.78
Others	2,046.23	239.24	182.75	2,468.21	1,887.57	83.55	31.03	2,002.15
	4,28,764.45	**34,209.76**	**13,507.76**	**4,76,481.96**	**2,90,813.45**	**39,557.98**	**13,866.81**	**3,44,238.24**
Expected credit loss ratio	1.11%	10.33%	28.58%	2.55%	1.59%	10.88%	52.85%	4.72%
Impairment loss allowance	(4,756.35)	(3,534.99)	(3,860.43)	(12,151.77)	(4,617.88)	(4,302.51)	(7,328.25)	(16,248.64)
Carrying amount	**4,24,008.10**	**30,674.76**	**9,647.33**	**4,64,330.19**	**2,86,195.57**	**35,255.47**	**6,538.56**	**3,27,989.60**

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(₹ in lakhs)

b. **Collaterals held and concentrations of credit risk**

Collaterals held

Maximum exposure to credit risk

The maximum exposure to credit risk of loans is their carrying amount. The maximum exposure is before considering the effect of mitigation through collateral.

Narrative description of collateral

Collateral primarily include vehicles purchased by retail loan customers and in case of MSME customer, collateral primarily includes the residential property.

Quantitative information of collateral

The Company monitors its exposure to loan portfolio using the Loan To Value (LTV) ratio, which is calculated as the ratio of the gross amount of the loan to the value of the collateral. The value of the collateral for retail loans except loan against property is derived by writing down the asset cost at origination by 12.50% p.a on reducing balance basis.

Quantitative information of Collateral - Secured loans

Collateral coverage	Collateral value of loans	
	As at March 31, 2022	As at March 31, 2021
Less than 50% coverage	-	258.37
51% to 70% coverage	449.09	294.11
71% to 90% coverage	3,801.72	7,263.81
91% to 100% coverage	10,305.47	16,507.79
More than 100% coverage	8,24,997.47	5,22,294.84
Total	**8,39,553.75**	**5,46,618.92**

Quantitative information of Collateral - Credit impaired assets (Secured)

Collateral coverage	Collateral value of loans in stage 3	
	As at March 31, 2022	As at March 31, 2021
Less than 50% coverage	-	23.34
51% to 70% coverage	449.09	66.48
71% to 90% coverage	2,918.36	3,975.74
91% to 100% coverage	1,936.83	2,343.97
More than 100% coverage	13,751.21	11,630.23
Total	**19,055.49**	**18,039.76**

ii. **Credit risk (Continued)**

Concentration of credit risk

Company's loan portfolio is predominantly to finance retail vehicle loans. The Company manages concentration of risk primarily by geographical region in India. The following tables show the geographical concentrations of loans:

Particulars	As at March 31, 2022	As at March 31, 2021
A - Northern state	3,96,413.56	2,89,499.24
B - Western state	80,068.40	54,739.00
Total	**4,76,481.96**	**3,44,238.24**

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(₹ in lakhs)

c. Amounts arising from ECL

i. Inputs, assumptions and techniques used for estimating impairment

Inputs considered in the ECL model:
In assessing the impairment of financial loans under Expected Credit Loss (ECL) Model, the assets have been segmented into three stages. The three stages reflect the general pattern of credit deterioration of a financial instrument. The differences in accounting between stages, relate to the recognition of expected credit losses and the measurement of interest income.

The Company categorizes loan assets into stages primarily based on the Months Past Due status.

Stage 1 : 0-30 days past due

Stage 2 : 31-90 days past due

Stage 3 : More than 90 days past due

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for advances other than stage 1. The Company has computed expected credit losses based on a provision matrix which uses historical credit loss experience and using forward looking economic variables of the Company.

Assessment of significant increase in credit risk (SICR):

The credit risk on a financial asset of the Company are assumed to have increased significantly since initial recognition when contractual payments are more than 30 days past due. Accordingly the financial assets shall be classified as Stage 2, if on the reporting date, it has been past due for more than 30 days.

In determining whether credit risk has increased significantly since initial recognition, Company uses days past due information, Early Warning Signals (EWS) in terms of unusual events including incidents and frauds, repossession of an asset, etc. and forecast information to assess deterioration in credit quality of a financial asset.

Definition of default

The Company considers a financial asset to be in "default" and therefore Stage 3 (credit impaired) for ECL calculations when the borrower becomes 90 days past due on its contractual payments.

Exposure at default

""Exposure at Default" (EAD) represents the gross carrying amount of the assets subject to impairment.

Estimations and assumptions considered in the ECL model

The Company have made the following assumptions in the ECL Model:

a. "Loss given default" (LGD) is common for all three Stages and is based on loss experiences in past. Actual cash flows on the past portfolio are discounted at contractual interest rate for arriving loss rate.

b. "Probability of Default" (PD) is applied on Stage 1 and Stage 2 on portfolio basis and for Stage 3 PD at 100%. This is calculated as an average of the last 84 months yearly movement of default rates and future adjustment for macro-economic factor."

Policy for write-off of financial assets

Financial assets are written off either partially or in their entirety when there is no realistic prospect of recovery. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts.

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ii. An analysis of changes in gross carrying amount as follows:

Particulars	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Loans				
Balance as at April 1, 2020	2,54,186.64	30,619.58	11,954.29	2,96,760.51
Transfer to/from 12 month ECL	(7,635.32)	(7,647.20)	15,282.52	-
Transfer to/from Lifetime ECL not credit impaired	(30,020.30)	30,423.26	(402.96)	-
Transfer to/from Lifetime ECL credit impaired	8,592.60	(4,753.79)	(3,838.81)	-
New financial assets originated during the year	1,71,173.87	1,803.39	71.60	1,73,048.86
Matured or repaid or derecognized	(1,05,453.27)	(10,876.30)	(4,867.37)	(1,21,196.94)
Write-offs	(30.77)	(10.96)	(4,332.46)	(4,374.19)
Balance as at March 31, 2021	**2,90,813.45**	**39,557.98**	**13,866.81**	**3,44,238.24**
Transfer to/from 12 month ECL	6,216.77	(5,790.98)	(425.79)	-
Transfer to/from Lifetime ECL not credit impaired	(18,639.20)	19,013.55	(374.34)	-
Transfer to/from Lifetime ECL credit impaired	(5,546.71)	(4,688.33)	10,235.04	-
New financial assets originated during the year	3,18,089.47	3,632.61	925.46	3,22,647.53
Matured or repaid or derecognized	(1,62,134.69)	(17,463.83)	(8,476.90)	(1,88,075.42)
Write-offs	(34.63)	(51.23)	(2,242.51)	(2,328.37)
Balance as at March 31, 2022	**4,28,764.45**	**34,209.76**	**13,507.76**	**4,76,481.98**

iii. Impairment loss allowance:

The following table shows reconciliations from the opening to the closing balance of the loss allowances::

Particulars	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Loans				
Balance as at April 1, 2020	4,597.44	2,384.87	4,777.16	11,759.47
Transfer to/from 12 month ECL	(3,667.20)	(86.50)	3,753.70	-
Transfer to/from Lifetime ECL not credit impaired	(2,642.68)	2,681.96	(39.28)	-
Transfer to/from Lifetime ECL credit impaired	115.08	(2,646.91)	2,531.83	-
New financial assets originated during the year	9,499.23	3,396.67	413.06	13,308.96
Matured or repaid or derecognized	(3,283.99)	(1,427.58)	(4,108.22)	(8,819.79)
Balance as at March 31, 2021	**4,617.88**	**4,302.51**	**7,328.25**	**16,248.64**
Transfer to/from 12 month ECL	251.64	(238.60)	(13.04)	-
Transfer to/from Lifetime ECL not credit impaired	(1,932.27)	1,980.62	(48.36)	-
Transfer to/from Lifetime ECL credit impaired	(1,852.04)	(1,342.53)	3,194.58	-
New financial assets originated during the year	6,801.93	1,402.46	21.01	8,225.40
Matured or repaid or derecognized	(3,130.79)	(2,569.48)	(6,622.00)	(12,322.27)
Balance as at March 31, 2022	**4,756.35**	**3,534.99**	**3,860.43**	**12,151.77**

iii. Liquidity Risk

Liquidity risk is risk that the Company will encounter difficulty in meeting the obligation associated with its financial liabilities that are settled by delivering cash or another financial assets. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its financial liabilities when they are due, under both normal and stressed condition in a timely manner, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has obtained fund based working capital loans from various banks. Further, the Company has access to funds from debt market through non-convertible debentures and other debt instruments including term loans. Short term facilities including cash credits and working capital demand loans are renewed on yearly basis and are revolving in nature. The Company also manages liquidity by raising funds through securitization transaction.

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(₹ in lakhs)

The Company uses debt funds and fixed deposit receipts to manage/ invest its available surplus. The Company has also taken the overdraft facilities on its investments in fixed deposits, and used as a working capital in an ordinary courses of business.

The Asset Liability Management Committee (ALCO) of the Company defines its risk management strategy and set the overall policies and procedures. The Liquidity risk management strategies are reviewed by the ALCO to align with changes to the external environments, including regulatory changes, business conditions and market developments.

Maturity Profile of Financial Liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

Particulars	Carrying amount	Total	On Demand	0 - 12 months	1-3 years	3-5 years	5+ years
As at March 31, 2022							
Non-derivative financial liabilities							
Debt securities	1,47,357.91	1,47,357.91	-	71,864.39	70,243.52	5,250.00	-
Borrowings (Other than debt securities)	3,00,378.15	3,00,378.15	32,087.81	1,07,068.28	1,32,154.07	25,563.20	3,504.80
Subordinated liabilities	2,036.64	2,036.64	-	2,036.64	-	-	-
Other financial Liabilities	12,749.12	12,749.12	7,368.48	56.98	667.31	842.37	3,813.99
Derivative financial liabilities							
Market linked derivative	52.36	52.36	-	12.88	39.48	-	-

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments.

Particulars	Carrying amount	Total	On Demand	0 - 12 months	1-3 years	3-5 years	5+ years
As at March 31, 2021							
Non-derivative financial liabilities							
Debt securities	1,52,032.09	1,88,274.41	-	42,137.30	1,09,702.70	30,882.70	5,551.71
Borrowings (Other than debt securities)	1,66,373.79	1,53,107.20	9,414.61	60,085.24	73,156.97	10,450.38	-
Subordinated liabilities	4,029.39	4,679.80	-	2,409.80	2,270.00	-	-
Other financial liabilities	8,739.51	10,249.35	5,615.64	798.16	1,427.69	1,093.04	1,314.82
Derivative financial liabilities							
Market linked derivative	50.59	50.59	50.59	-	-	-	-

Notes to the financial statements

as at and for the year ended March 31, 2022

(₹ in lakhs)

iv. Market Risk

A. Interest Rate Risk

Interest rate risk consists primarily of risk inherent in ALM activities and relates to the potential adverse impact of changes in market interest rates on future net interest income (NII). Interest rate risk arises from mismatches in re-pricing of interest rate sensitive assets (RSA) and rate sensitive liabilities (RSL).

Board of Directors of the Company is responsible for management of its interest rate risk and sets the overall policy and risk limits. In order to manage/mitigate interest rate risk, the Company has defined interest rate sensitive gap tolerance limits for each time bucket which is approved by the Board. Treasury is entrusted with the responsibility of managing interest rate risk within the prescribed overall risk limits and the same is monitored by ALCO. Further, the Company undertakes NII analysis to assess the impact of changes in interest rate on the earnings of the Company.

Exposure to interest rate risk

Company's interest rate risk arises from borrowings. The interest rate profile of the Company's interest bearing financial instruments as reported to the management of the Company is as follows:

Particulars	As at March 31, 2022	As at March 31, 2021
Fixed-rate instruments		
Financial assets	6,08,522.99	4,20,080.25
Financial liabilities	2,70,313.56	2,36,928.58
Variable-rate instruments		
Financial assets	-	-
Financial liabilities	1,92,260.62	94,296.79
Total Net	**10,71,097.17**	**7,51,305.62**

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased/ (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

Particulars	As at March 31, 2022		As at March 31, 2021	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Variable rate instruments	1,922.61	(1,922.61)	942.97	(942.97)
Cash Flow Sensitivity	**1,922.61**	**-1,922.61**	**942.97**	**-942.97**

B. Foreign Currency Risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk for the Company arises majorly on account of foreign currency borrowings. The Company manages this foreign currency risk by entering into cross currency swaps and forward contract. When a derivative is entered into for the purpose of being as hedge, the Company negotiates the terms of those derivatives to match with the terms of the hedge exposure. The Company's policy is to fully hedge its foreign currency borrowings at the time of drawdown and remain so till repayment. The Company holds derivative financial instruments such as cross currency interest rate swap to mitigate risk of changes in exchange rate in foreign currency and floating interest rate. The counterparty for these contracts is generally a bank. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in market place

Notes to the financial statements

as at and for the year ended March 31, 2022

(₹ in lakhs)

The Carrying amounts of the Company's foreign currency exposure at the end of the reporting period are as follows:

Particulars	Currency	As at March 31, 2022	As at March 31, 2021
Financial liabilities in ₹	**USD**	**18,808.35**	**7,522.53**

C. Price risk exposure

The Company's exposure to price risk is not material and it is primarily on account of investment of temporary treasury surplus in the highly liquid debt funds for very short durations. The Company has a board approved policy of investing its surplus funds in highly rated debt mutual funds and other instruments having insignificant price risk, not being equity funds/ risk bearing instruments.

45 Capital Management

The Company’s capital management strategy is to effectively determine, raise and deploy capital so as to create value for its shareholders. The same is done through a mix of either equity and/or convertible and/or combination of short term /long term debt as may be appropriate. The Company determines the amount of capital required on the basis of operations, capital expenditure and strategic investment plans. The capital structure is monitored on the basis of net debt to equity and maturity profile of overall debt portfolio of the Company.

The Company is subject to the capital adequacy requirements of the Reserve Bank of India (RBI), as per RBI, NBFCs are required to maintain a minimum capital to risk weighted assets ratio (“CRAR”) consisting of Tier I and Tier II capital of 15% of its aggregate risk weighted assets. Further, the total of Tier II capital cannot exceed 100% of Tier I capital at any point of time. The capital management process of the Company ensures to maintain the minimum CRAR at all the times.

The primary objectives of the Company’s capital management policy are to ensure that the Company complies with capital requirements required by regulator, maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholder value.

Particulars	As at March 31, 2022	As at March 31, 2021
Tier 1 capital	1,53,550.40	90,514.46
Tier 2 capital	3,246.88	2,282.48
Total Capital funds	**1,56,797.28**	**92,796.94**
Risk weighted assets	5,15,409.13	3,35,317.97
Tier 1 Capital ratio	29.79%	26.99%
Total Capital ratio	**30.42%**	**27.67%**

46 Segment reporting

The Managing Director (MD) of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by the Ind AS 108, "Operating segments". The Company's operating segments are established in the manner consistent with the components of the Company that are evaluated regularly by the CODM. The Company is engaged primarily in the business of financing and there are no reportable segments as per Ind AS 108.

47 Revenue from contracts with customers

a) The Company has recognized following amounts relating revenue in the statement of profit and loss:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Fees and commission income	2,473.54	1,450.64
Other income	628.17	660.79
Total revenue	**3,101.71**	**2,111.43**

Notes to the financial statements
as at and for the year ended March 31, 2022

(₹ in lakhs)

b) Disaggregation of revenue from contracts with customers

In the following table, revenue is disaggregated by primary geographical market, major products/service lines and timing of revenue recognition:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Primary geographical market		
India	3,101.71	2,111.43
Total	**3,101.71**	**2,111.43**
Major products/service lines		
Other income	628.17	660.79
Fees and commission income	2,473.54	1,450.64
Total	**3,101.71**	**2,111.43**
Timing of revenue recognition		
At a point in time	3,101.71	2,111.43
Over a period of time	-	-
	3,101.71	**2,111.43**

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

Particulars	As at March 31, 2022	As at March 31, 2021
Contracts assets	0.00	230.83
Contracts liabilities	0.00	0.00
Other receivables	223.11	216.47

48 Details of dues under micro, small and medium enterprises

Dues to micro, small and medium enterprises as defined under the micro, small and medium enterprises development act (MSMED), to the extent identified and information available with the Company pursuant to section 22 of the micro, small and medium enterprises development act (MSMED), 2006, details are mentioned below:

Particulars	As at March 31, 2022	As at March 31, 2021
Principal amount due to suppliers under MSMED Act, as at the year end	-	-
Interest accrued and due to suppliers under MSMED Act, on the above amount as at the year end	-	-
Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-
Interest paid to suppliers under MSMED Act (other than Section 16)	-	-
Interest paid to suppliers under MSMED Act (Section 16)	-	-
Interest due and payable to suppliers under MSMED Act, for payments already made	-	-
Interest accrued and remaining unpaid at the year end to suppliers under MSMED Act	-	-

RBI disclosures from Notes 49 to 85 have been prepared as per RBI Circulars / Directives basis Ind-AS financial statements

49 Capital adequacy ratio as per clause 3.1 of annexure XVI of Master Direction - Non-Banking Financial Company - Systemically Important Non-deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016

Particulars	As at March 31, 2022	As at March 31, 2021
CRAR (%)	30.42%	27.67%
CRAR-Tier- I Capital (%)	29.79%	26.99%
CRAR-Tier- II Capital (%)	0.63%	0.68%
Amount of subordinated debt raised as Tier-II capital (₹ in lakhs)	2,036.64	4,029.39
Amount raised by issue of perpetual debt instruments (₹ in lakhs)	-	-

Notes to the financial statements

as at and for the year ended March 31, 2022

(₹ in lakhs)

50 Investments

Particulars	As at March 31, 2022	As at March 31, 2021
(1) Value of investments		
(i) Gross value of investments		
(a) In India	78,184.25	25,887.65
(b) Outside India	-	-
(ii) Provision for depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net value of investments		
(a) In India	78,184.25	25,887.65
(b) Outside India	-	-
(2) Movement of provisions held towards depreciation on investments		
(i) Opening balances	-	-
(ii) Add: provision made during the year	-	-
(iii) Less : Write-off / write-back of excess provisions during the year	-	-
(iv) Closing balance	-	-

51 Derivatives

The Company have market linked derivatives contracts for the year ended March 31, 2022 amounting to ₹ 52.36 lakh. (for March 31, 2021 amounting to ₹ 50.59 lakh).

Forward Rate Agreement / Interest Rate Swap

S No	Particulars	As at March 31, 2022	As at March 31, 2021
i)	The notional principal of swap agreements	18,558.39	-
ii)	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	-	-
iii)	Collateral required by the applicable NBFC upon entering into swaps	-	-
iv)	Concentration of credit risk arising from the swaps*	-	-
v)	The fair value of the swap book	479.57	-

*Counter - party for all swaps entered into by the Company are scheduled commercial banks.

The Company have hedged its foreign currency borrowings through cross currency swaps.

Exchange Traded Interest Rate (IR) Derivatives

The Company have not entered into any exchange traded derivative.

Disclosures on Risk Exposure in Derivatives

Qualitative Disclosures

i) The Company undertakes the derivatives transaction to prudently hedge the risk in context of a particular borrowing or to diversify sources of borrowing and to maintain fixed and floating borrowing mix. The Company does not indulge into any derivative trading transactions. The Company reviews, the proposed transaction and outline any considerations associated with the transaction, including identification of the benefits and potential risks (worst case scenarios); an independent analysis of potential savings from the proposed transaction. The Company evaluates all the risks inherent in the transaction viz., counter party risk, Market Risk, Operational Risk, basis risk etc.

Notes to the financial statements

as at and for the year ended March 31, 2022

(₹ in lakhs)

ii) Credit risk is controlled by restricting the counterparties that the Company deals with, to those who either have banking relationship with the Company or are internationally renowned or can provide sufficient information. Market/Price risk arising from the fluctuations of interest rates and foreign exchange rates or from other factors shall be closely monitored and controlled. Normally transaction entered for hedging, will run over the life of the underlying instrument, irrespective of profit or loss. Liquidity risk is controlled by restricting counterparties to those who have adequate facility, sufficient information, and sizable trading capacity and capability to enter into transactions in any markets around the world.

iii) The respective functions of trading, confirmation and settlement should be performed by different personnel. The front office and back-office role is well defined and segregated. All the derivatives transactions are quarterly monitored and reviewed. All the derivative transactions have to be reported to the board of directors on every quarterly board meetings including their financial positions.

Quantitative Disclosures

Particulars	As at March 31, 2022		As at March 31, 2021	
	Currency Derivatives*	Interest Rate Derivatives	Currency Derivatives*	Interest Rate Derivatives
(i) Derivatives (Notional Principal Amount) For hedging	18,558.39	-	-	-
(ii) Marked to Market Positions				
a) Asset (+)	479.57	-	-	-
b) Liability (-)	-	-	-	-
(iii) Credit Exposure	-	-	-	-
(iv) Unhedged Exposures	-	-	-	-

* Cross currency swap

52 Disclosure pursuant to RBI notification - RBI/DOR/2021-22/85 DOR.STR.REC.53/21.04.177/2021-22 dated September 24, 2021: Details of STC Securitisation transactions

S. No.	Particulars	As at March 31, 2022	As at March 31, 2021
1	No of SPVs (i.e. special purpose vehicle) sponsored by the NBFC for securitization transactions	8	15
2	Total amount of securitized assets as per books of the SPVs sponsored by the NBFC	34818.06	32,693.13
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	First loss	-	-
	Others	333.32	500.00
	b) On-balance sheet exposures		
	First loss	2,674.66	4,118.03
	(Cash collateral term deposits with banks)		
	Others*	7,863.13	8,420.36
4	Amount of exposures to securitization transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitizations		
	First loss	-	-
	Others	-	-
	ii) Exposure to third party securitizations		
	First loss	-	-
	Others	-	-
	b) On-balance sheet exposures		
	i) Exposure to own securitizations		
	First loss	-	-
	Others (Investment in pass-through certificates (PTC))	-	-
	ii) Exposure to third party securitizations		
	First loss	-	-
	Others	-	-

Notes to the financial statements

as at and for the year ended March 31, 2022

(₹ in lakhs)

S. No.	Particulars	As at March 31, 2022	As at March 31, 2021
5	Sale consideration received for the securitised assets and gain/loss on sale on account of securitisation	62,677.25	36,384.79
6	Form and quantum (outstanding value) of services provided by way of, liquidity support, post-securitisation asset servicing, etc.	-	-
7	Performance of facility provided		
	Credit enhancement facility		
	- Fixed Deposit		
	(a) Amount paid	-	-
	(b) Repayment received	-	-
	(c) Outstanding amount	2,674.66	4,118.03
	- Corporate Guarantee		
	(a) Amount paid	-	-
	(b) Repayment received	-	-
	(c) Outstanding amount	333.32	500.00
8	Average default rate of portfolios observed in the past	3.36%	3.64%
9	Amount and number of additional/top up loan given on same underlying asset	-	-
10	Investor complaints		
	(a) Directly/Indirectly received and;	NIL	NIL
	(b) Complaints outstanding	NIL	NIL

* MRR including securitization investments.

53 Disclosure pursuant to RBI notification - RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 dated September 24, 2021 Details of loans (not in default) transferred through assignment

S No	Particulars	As at March 31, 2022	As at March 31, 2021
(i)	Amount of loan accounts assigned (₹ in lakh)	5,534	5,270.11
(ii)	Retention of beneficial economic interest (MRR)	10%	10%
(iii)	Weighted average maturity (Residual Maturity)	26 Months	28 Months
(iv)	Weighted average holding period	10 Months	15 Months
(v)	Coverage of tangible security coverage	100%	100%
(vi)	Rating-wise distribution of rated loans	Unrated	Unrated

Disclosure pursuant to RBI notification - RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 dated September 24, 2021 Details of loans (not in default) acquired through assignment

S No	Particulars	As at March 31, 2022	As at March 31, 2021
(i)	Amount of loan accounts assigned (₹ in lakh)	325.71	931.09
(ii)	Retention of beneficial economic interest (MRR)	10%	10.00%
(iii)	Weighted average maturity (Residual Maturity)	15 Months	9 Months
(iv)	Weighted average holding period	18 Months	20 Months
(v)	Coverage of tangible security coverage	100%	100%
(vi)	Rating-wise distribution of rated loans	Unrated	Unrated

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as at and for the year ended March 31, 2022

(₹ in lakhs)

Details of stressed loans transferred

Particulars		As at March 31, 2022		As at March 31, 2021	
		To Asset Reconstruction Companies (ARC)		To Asset Reconstruction Companies (ARC)	
		NPA*	SMA	NPA	SMA
(i)	No. of accounts	4,289	-	-	-
(ii)	Aggregate principal outstanding of loans transferred	7,259.66	-	-	-
(iii)	Weighted average residual tenor of the loans transferred	less than 1 year	-	-	-
(iv)	Net book value of loans transferred (at the time of transfer)	2,078.70	-	-	-
(v)	Aggregate consideration	2,500.00	-	-	-
(vi)	Additional consideration realized in respect of accounts transferred in earlier years	-	-	-	-

*Including written off loans amounting to ₹ 4,343 lakhs.

The Company have not reversed any amount of provision in profit and loss account on account of sale of stressed loans.

Details of stressed loans acquired

The Company have not acquired any stressed loan during the financial year ended March 31, 2022 and March 31, 2021.

54 Asset liability management

Maturity pattern of certain items of assets and liabilities as per RBI guidelines.

As at March 31, 2022

Particulars	Liabilities		Assets		
	Borrowings from banks	Market Borrowings	Advances	Deposits	Investments
1 to 7 days	1,492.42	991.28	13,099.75	3,466.93	-
8 to 14 days	1,833.75	5,806.26	127.89	5.22	10,541.77
15 to 30/31 days	7,105.60	1,913.49	7,637.86	116.13	23,197.30
Over one month to 2 months	12,605.97	5,071.97	12,620.27	23,249.04	17,692.41
Over 2 months upto 3 months	11,569.38	2,922.71	15,313.32	2,544.71	23.47
Over 3 months to 6 months	15,768.89	14,935.66	44,259.81	10,720.55	-
Over 6 months to 1 year	70,555.22	60,484.52	83,303.79	1,950.33	24,092.52
Over 1 year to 3 years	1,24,186.82	78,210.77	2,25,137.30	2,845.28	2,636.79
Over 3 years to 5 years	25,563.20	5,250.00	62,289.10	236.89	-
Over 5 years	3,504.80	-	12,692.89	-	-
Total	**2,74,186.05**	**1,75,586.66**	**4,76,481.98**	**45,135.08**	**78,184.25**

The Company has no foreign currency assets and foreign currency liabilities.

Notes to the financial statements

as at and for the year ended March 31, 2022

(₹ in lakhs)

As at March 31, 2021

Particulars	Liabilities		Assets		
	Borrowings from banks	Market Borrowings	Advances	Deposits	Investments
1 to 7 days	1,438.92	810.82	7,978.38	4,507.07	-
8 to 14 days	1,889.55	545.61	78.91	7,500.57	2,000.00
15 to 30/31 days	3,310.14	2,980.99	6,220.82	15,847.84	-
Over one month to 2 months	3,839.93	2,323.84	8,723.32	10,825.90	-
Over 2 months upto 3 months	6,039.90	9,174.22	10,138.32	2,921.38	4,936.31
Over 3 months to 6 months	10,066.33	11,425.03	33,699.54	590.09	-
Over 6 months to 1 year	35,904.19	39,730.04	61,006.74	4,846.51	18,951.34
Over 1 year to 3 years	55,617.07	1,07,128.74	1,60,292.69	7,929.61	-
Over 3 years to 5 years	9,497.38	15,780.35	45,550.42	-	-
Over 5 years	-	4,554.16	10,549.10	237.60	-
Total	**1,27,603.41**	**1,94,453.80**	**3,44,238.24**	**55,206.57**	**25,887.65**

55 The Company has not restructured any non-performing financial assets during the financial year ended March 31, 2022 and March 31, 2021.

56 Exposure to real estate sector

The Company does not have any direct / indirect exposure to real estate sector during the year ended on March 31, 2022 and March 31, 2021.

57 Exposure to capital market

The Company does not have any direct / indirect exposure to capital market during the year ended on March 31, 2022 and March 31, 2021.

58 Details of financing of parent Company products

These details are not applicable since the Company is not a subsidiary of any company.

59 Details of single borrower limit ('SGL') / group borrower limits ('GBL') exceeded by NBFC's

The Company has not exceeded the single borrower limits / group borrowers limits during the financial year ended March 31, 2022 and March 31, 2021 as directed by Reserve Bank of India.

60 Disclosure on Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package under RBI/2021-22/17 DOR.STR.REC.4/21.04.048/2021-22 dated 07 April, 2021:-

The Hon'ble Supreme Court of India has pronounced its judgement in the matter of Small Scale Industrial Manufacturers Association vs UOI & Ors. and other connected matters on March 23, 2021.

During the previous year ended March 31, 2021, the aggregate amount is refunded/adjusted to the borrower is ₹38.34 lakhs.

61 Unsecured advances

The Company have not given any unsecured advances against intangible securities such as charge over the rights licenses, authority, etc. during the financial year ended March 31, 2022 and March 31, 2021.

62 Registration under other regulators

The Company is not registered under any other regulator other than Reserve Bank of India.

Notes to the financial statements

as at and for the year ended March 31, 2022

(₹ in lakhs)

63 Details of penalties imposed by RBI and other regulators

No penalty was levied during the year ended March 31, 2022 (March 31, 2021 - Nil).

64 Details of ratings assigned by credit rating agencies and migration of ratings during the year

Products		Rating assigned	Previous rating assigned
(i)	Non-convertible debentures	CARE A+	CARE A
		CRISIL A+	CRISIL A
		ICRA A+	
(ii)	Market Linked Debentures	CARE PP-MLD A+/Stable	CARE PP-MLD A/Stable
		CRISIL PP-MLD A+r/Stable	CRISIL PP-MLD Ar/Stable
		ICRA PP MLD A+ Stable outlook	
(iii)	Structured Non-Convertible Debentures	ICRA A+(CE) (Stable)	ICRA AA+(CE) (Stable)
(iv)	Subordinated Bonds	CARE A+	CARE A
(v)	Loan facility	CARE A+	CARE A
		CRISIL A+	CRISIL A
		ICRA A+	
		India Rating and Research Pvt. Ltd. A+	
		Acuite Rating and Research Ltd AA-	
(vi)	Commercial paper	India Rating and Research Pvt. Ltd. A1+	
		Acuite Rating and Research Ltd A1+	

* Month of rating assigned relates to rating valid on March 31, 2022

65 Remuneration of non-executive directors

	Name of Director	Nature of payment	As at March 31, 2022	As at March 31, 2021
1	Mr. Amar Lal Daultani	Sitting Fees	18,59,540	7,93,520
2	Mr. Anand Raghavan	Sitting Fees	18,59,540	8,41,480
3	Mr. Munish Dayal	Sitting Fees	-	3,59,700

66 Provisions and contingencies

	As at March 31, 2022	As at March 31, 2021
Break up of 'Provisions and Contingencies' shown under the head expenditure in Statement of Profit and Loss		
Provisions for depreciation on Investment	-	-
Provision towards NPA (Stage III)	(2,629.87)	2,551.09
Provision made towards Income tax / Deferred tax	3,472.91	3,233.24
Other provision and contingencies (refer note 30)	233.03	135.39
Provision for standard assets (Stage I & Stage II)	(582.69)	1,938.08

67 Draw down from reserves

The Company have not made any draw down from reserves during the year ended March 31, 2022 except as shown in note no. 23 (during the year ended March 31, 2021 : Nil).

Notes to the financial statements

as at and for the year ended March 31, 2022

(₹ in lakhs)

68 Concentration of advances, exposures and NPA's (Stage III)

	Particulars	As at March 31, 2022	As at March 31, 2021
i)	**Concentration of advances**		
	Total advances to twenty largest borrowers	791.42	612.41
	Percentage of advances to twenty largest borrowers to total advances	0.17%	0.18%
ii)	**Concentration of exposures***		
	Total exposure to twenty largest borrowers / customers	61,779.01	10,122.77
	Percentage of exposures to twenty largest borrowers / customers to total exposure on borrowers/ customers	11.74%	3.00%
iii)	**Concentration of NPA's (Stage III)**		
	Total exposure to top four NPA accounts (Stage III)	97.31	92.55
iv)	**Sector wise NPA (Stage III) % of NPAs to total advances in that sector**		
	(a) Agriculture & allied activities	-	-
	(b) MSME	-	-
	(c) Corporate borrowers **	-	-
	(d) Services	-	-
	(e) Unsecured personal loans	-	-
	(f) Auto loans	3.05%	4.17%
	(g) Other personal loans***	1.26%	2.72%

* Exposure comprises of loan and investment exposure.
** Corporate borrowers are included in respective sectors.
*** Other personal loans include: loan against property, top-up facilities and unsecured personal loan to staff.

69 Movement of non-performing assets (NPA's) (Stage III)

	Particulars	As at March 31, 2022	As at March 31, 2021
i)	Net NPAs to net advances (%)	2.04%	1.90%
ii)	Movement of NPAs (Gross)		
	a) Opening balance	13,866.81	11,954.29
	b) Addition during the year	11,343.24	11,112.35
	c) Reduction during the year	11,702.29	9,199.83
	d) Closing balance	13,507.76	13,866.81
iii)	Movement of Net NPAs		
	a) Opening balance	6,538.56	7,177.13
	b) Addition during the year	8,104.31	7,397.93
	c) Reduction during the year	4,995.54	8,036.50
	d) Closing balance	9,647.33	6,538.56
iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	a) Opening balance	7,328.25	4,777.16
	b) Provision made during the year	3,238.93	3,714.42
	c) Write-off / write-back of excess provisions	6,706.75	1,163.33
	d) Closing balance	3,860.43	7,328.25

70 Overseas assets (for those with Joint ventures and subsidiaries abroad)

There are no overseas assets owned by the Company.

71 Off-balance sheet SPVs sponsored

There are no SPVs which are required to be consolidated as per accounting norms during the year ended March 31, 2022 and March 31, 2021.

Notes to the financial statements

as at and for the year ended March 31, 2022

(₹ in lakhs)

72 Revenue Recognition

There have been no instances in which revenue recognition has been postponed pending the resolution of significant uncertainties.

73 Consolidated financial statements

The Company has no subsidiaries for consolidation.

74 Disclosures on frauds pursuant to RBI Master direction

No fraud have been identified during the current year and previous year.

75 Net Profit or Loss for the period, prior period items and changes in accounting policies

There are no any prior period items and changes in accounting policies.

76 Related Party Transactions

Refer note no. 39 of financial statement for related party disclosures.

77 Comparison of provisioning as per IRAC norms and IND as 109 as per annexure XXVI of Master Direction - Non-Banking Financial Company - Systemically Important Non-deposit Taking Company and Deposit Taking Company (Reserve Bank) directions, 2016

Asset classification as per RBI norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss allowances (provisions) as required under Ind AS 109	Net carrying amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
As at March 31, 2022						
Performing assets						
Standard	Stage 1	4,28,764.45	4,756.35	4,24,008.10	1,889.85	2,866.49
	Stage 2	34,209.76	3,534.98	30,674.76	416.91	3,118.08
Subtotal		**4,62,974.20**	**8,291.34**	**4,54,682.86**	**2,306.76**	**5,984.58**
Non-performing assets (NPA)						
Substandard	Stage 3	**12,151.91**	**3,471.38**	**8,680.53**	**2,507.24**	**964.14**
Doubtful - up to 1 year	Stage 3	1,334.21	382.83	951.38	511.25	(128.42)
1 to 3 years	Stage 3	20.44	5.87	14.57	9.00	(3.12)
More than 3 years	Stage 3	1.20	0.34	0.85	0.86	(0.52)
Subtotal for doubtful		**1,355.85**	**389.05**	**966.80**	**521.11**	**(132.06)**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**13,507.76**	**3,860.43**	**9,647.33**	**3,028.35**	**832.08**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current income recognition, asset classification and provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	**Stage 1**	**4,28,764.44**	**4,756.35**	**4,24,008.10**	**1,889.85**	**2,866.49**
	Stage 2	**34,209.76**	**3,534.99**	**30,674.76**	**416.91**	**3,118.07**
	Stage 3	**13,507.76**	**3,860.43**	**9,647.33**	**3,028.35**	**832.08**
	Total	**4,76,481.96**	**12,151.77**	**4,64,330.19**	**5,335.12**	**6,816.66**

Notes to the financial statements

as at and for the year ended March 31, 2022

(₹ in lakhs)

Asset classification as per RBI norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss allowances (provisions) as required under Ind AS 109	Net carrying amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
As at March 31, 2021						
Performing assets						
Standard	Stage 1	2,90,813.45	4,617.88	2,86,195.57	1,200.96	3,416.92
	Stage 2	39,557.98	4,302.51	35,255.47	184.44	4,118.07
Subtotal		**3,30,371.43**	**8,920.39**	**3,21,451.04**	**1,385.40**	**7,534.99**
Non-performing assets (NPA)						
Substandard	Stage 3	**12,971.76**	**6,758.17**	**6,213.59**	**2,591.03**	**4,167.14**
Doubtful - up to 1 year	Stage 3	895.05	570.08	324.97	382.51	187.57
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		**895.05**	**570.08**	**324.97**	**382.51**	**187.57**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**13,866.81**	**7,328.25**	**6,538.56**	**2,973.54**	**4,354.71**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current income recognition, asset classification and provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
	Stage 1	**2,90,813.45**	**4,617.88**	**2,86,195.57**	**1,200.96**	**3,416.92**
Total	Stage 2	39,557.98	4,302.51	35,255.47	184.44	4,118.07
	Stage 3	13,866.81	7,328.25	6,538.56	2,973.54	4,354.71
	Total	**3,44,238.24**	**16,248.64**	**3,27,989.60**	**4,358.94**	**11,889.70**

78 Customer complaints

Particulars	As at March 31, 2022	As at March 31, 2021
No. of complaints pending at the beginning of the year	-	9
No. of complaints received during the year	115	377
No. of complaints redressed during the year	112	386
No. of complaints pending at the end of the year*	3	-

* These complaints were resolved subsequently.

79 Analytical Ratios

Ratio	As at March 31, 2022	As at March 31, 2021	% Variance	Reason for Variance (if above 25%)
Capital to risk weighted assets ratio(CRAR) Numertor : Tier 1 Capital+Tier 2 Capital Denominator: Total Risk weighted assets	30.42%	27.67%	9.93%	Not applicable
Tier I CRAR Numertor : Tier 1 Capital Denominator: Total Risk weighted assets	29.79%	26.99%	10.37%	Not applicable
Tier II CRAR Numertor : Tier 2 Capital Denominator: Total Risk weighted assets	0.63%	0.68%	-7.45%	Not applicable
Liquidity Coverage Ratio Numertor : High quality liquid assets amount (HQLA) Denominator: Total net cash flow amount	223.39%	Not applicable	Not applicable	Not applicable

Notes to the financial statements

as at and for the year ended March 31, 2022

(₹ in lakhs)

80 Provision for impact of COVID-19

A national lockdown was declared by Government of India with effect from March 24, 2020 as a result of the outbreak of Coronavirus, a virus causing potentially deadly respiratory tract infections (the "pandemic"), which was further extended in phases up to May 31, 2020. Subsequently, the lockdown has been lifted by the Government for certain activities in a phased manner outside specific containment zones but localised/regional restrictions continued to be implemented in areas with a significant number of COVID-19 cases.

The second wave of the COVID-19 pandemic in April-May 2021 led to the re-imposition of localised/regional lockdown measures in various parts of the country. The second wave started to subside from June 2021 onwards and the lockdowns were gradually lifted, resulting in a significant improvement in economic activity.

India experienced another outbreak due to a new variant in December 2021 and as a precautionary measure, certain state governments have imposed localised/regional restrictions.

The extent to which the COVID19 pandemic, will continue to impact the Company's financial statements, will depend on ongoing as well as future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by us. At March 31, 2022, the Company believes that the impairment allowance of loans has been recorded considering the reasonable and supportable information available upto the date of approval of these financial statements. Based on current indicators of future economic conditions, the Company expects to recover carrying amount of the financial assets. The Company will continue to closely monitor any material changes to future economic conditions and resultant impact, if any, on the impairment allowance of loans.

81 Disclosure on Liquidity Risk Management Framework pursuant to Reserve Bank of India Circular DOR.NBFC (PD) CC. No. 102/03.10.001/2019-20 dated 4 November 2019

Quantitative Disclosure on Liquidity Coverage Ratio (LCR) for year ended March 31, 2022 is given below:

		Total Unweighted Value (average)	Total Weighted Value (average)
	High Quality Liquid Assets		
1	Total High Quality Liquid Assets (HQLA)*	13,905.27	12,171.06
	Cash Outflows		
2	Deposits (for deposit taking companies)	-	-
3	Unsecured wholesale funding	-	-
4	Secured wholesale funding	15,877.80	18,259.47
5	**Additional requirements, of which**		
	i Outflows related to derivative exposures and other collateral requirements	-	-
	ii Outflows related to loss of funding on debt products	-	-
	ii Credit and liquidity facilities	-	-
6	Other contractual funding obligations	3,073.09	3,534.06
7	Other contingent funding obligations	-	-
8	**TOTAL CASH OUTFLOWS**	**18,950.89**	**21,793.53**
	Cash Inflows		
9	Secured lending		
10	Inflows from fully performing exposures	18,459.96	13,844.97
11	Other cash inflows	13,127.33	9,845.49
12	**TOTAL CASH INFLOWS**	**14,213.17**	**16,345.14**
			Total Adjusted Value
13	**TOTAL HQLA**		**12,171.06**
14	**TOTAL NET CASH OUTFLOWS**		**5,448.38**
15	**LIQUIDITY COVERAGE RATIO (%)****		**223.39%**

*HQLA includes Cash and Bank balance and Investment in Government backed Securities.
**Average of LCR % of last three months is 209%.

Notes to the financial statements

as at and for the year ended March 31, 2022

(₹ in lakhs)

Qualitative Disclosure on LCR

The Liquidity Coverage Ratio (LCR) is a global minimum standard to measure the Company's liquidity position. Reserve Bank introduced the liquidity coverage ratio (LCR) requirement for all deposit-taking NBFCs and non-deposit taking NBFCs with an asset size of 5,000 crore and above. LCR seeks to ensure that the Company has an adequate stock of unencumbered High-Quality Liquid Assets (HQLA) that can be converted into cash easily and immediately to meet its liquidity needs under a 30-day calendar liquidity stress scenario. LCR is calculated by dividing the stock of HQLA's by its total net cash outflow over a 30 day calendar period.

The Company has adopted the liquidity risk framework as required under RBI regulation. It ensures a sound and robust liquidity risk management system by maintaining sufficient liquidity through inclusion of a cushion of unencumbered, high quality liquid asset to withstand a range of stress events, including those involving the loss or impairment of both unsecured and secured funding sources. The Board of Directors have delegated responsibility of balance sheet Liquidity Risk Management to the Asset Liability Committee.

The LCR is calculated by dividing a Company's stock of HQLA by it's total net cash outflows over a 30 -day stress period. The guidelines for LCR were effective from December 1, 2020 with the minimum LCR to be 50% which would rise in equal annual steps to reach 100%, on December 1, 2024. The present requirement, as on March 31, 2022 is 50%. In order to determine High quality Liquid Assets, Company considers all the allowable assets as per RBI including Cash and Bank Balances and investment in Government backed Securities. In order to determine net cash outflows, Company considers total expected cash outflow minus total expected cash inflows for the subsequent 30 calendar days. As per regulations, stressed cash flows is computed by assigning a predefined stress percentage to the overall cash inflows and cash outflows. Net cash outflow over next 30 days is computed as stressed outflows less minimum of stressed inflows subject to 75% of stressed outflow. Accordingly LCR would be computed by dividing Company's stock of HQLA by it's total net cash outflow.

Cash outflow under secured wholesale funding includes contractual obligations under Term loans, NCDs, Interest payable within 30 days. Outflow under other contractual funding obligations primarily includes outflow on account of sundry payables. In order to determine Inflows from fully performing exposures, Company considers the collection from performing advances in next 30 days. Other Cash inflows includes investments in mutual funds,debt securities and fixed deposits which are maturing within 30 days.

Public disclosure on liquidity risk

(i) Funding concentration based on significant counterparty (both deposits and borrowings)

Particulars	Number of significant counterparties	Amount (₹ crore)	% of Total deposits	% of Total liabilities
As at March 31, 2022	30	3,654.43	Not Applicable	78.72%
As at March 31, 2021	29	2,359.75	Not Applicable	70.85%

(ii) Top 20 large deposits (amount in crore and % of total deposits) - Not applicable

(iii) Top 10 borrowings

Particulars	Amount (₹ crore)	% to Total borrowings
As at March 31, 2022	1985.99	44.16%
As at March 31, 2021	1392.91	43.20%

Notes to the financial statements

as at and for the year ended March 31, 2022

(₹ in lakhs)

(iv) Funding concentration based on significant instrument/product

Name of the instrument/product	As at March 31, 2022		As at March 31, 2021	
	Amount (₹ crore)	% of Total Liabilities	Amount (₹ crore)	% of Total Liabilities
Debt securities (including commercial paper)	1,473.58	31.74%	1,520.32	45.65%
Term loan from banks	1,824.09	39.29%	852.52	25.60%
Term loan from financial institutions-Secured	365.92	7.88%	267.10	8.02%
Associated liabilities under securitisation	304.80	6.57%	327.21	9.82%
External Commercial Borrowings	188.08	4.05%	75.23	2.26%
Term loan from other parties - unsecured	-	0.00%	47.54	1.43%
Short term borrowings	320.88	6.91%	94.15	2.83%
Subordinated debts	20.37	0.44%	40.29	1.21%

(v) Stock Ratios:

	As at March 31, 2022			As at March 31, 2021		
	Total public funds	Total liabilities	Total assets	Total public funds	Total liabilities	Total assets
Commercial paper, as a % of	1.10%	1.07%	0.80%	Nil	Nil	Nil
Non-convertible debentures (original maturity of less than one year), as a % of	Nil	Nil	Nil	Nil	Nil	Nil
Other short term liabilities*, as a % of	48.03%	46.53%	34.62%	42.53%	41.17%	31.87%

* Other short term liabilities include all contractual obligation payable within a period of 1 year excluding commercial paper.

(vi) Institutional set-up for liquidity risk management

SK Finance Limited (SKFL) has constituted Asset Liability Supervisory Committee ('ALCO') to oversee liquidity risk management in compliance with Board approved policy. It comprises of senior management of the Company and headed by Managing Director or/and Executive Director. ALCO meetings are held once in a quarter or more frequently as required from time to time. The minutes of ALCO meetings are placed before the Risk Management Committee (RMC) and the Board of Directors.

SKFL has also constituted RMC for the effective supervision and management of various aspects including liquidity risks faced by the Company.This committee shall provide necessary directives to ALCO, as and when necessary. The ALCO and RMC updates the Board at regular intervals.

Notes:

1) Significant counterparty is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated November 4, 2019 on Liquidity Risk Management Framework for Non- Banking Financial Companies and Core Investment Companies.

2) Significant instrument/product is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated November 4, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.

3) Total Liabilities has been computed as sum of all liabilities (Balance Sheet figure) less Equities and Reserves/ Surplus.

4) Public funds are as defined in Master Direction - Non-Banking Financial Company - Systemically Important Non- Deposit taking Company and Deposit taking Company (Reserve Bank) Direction, 2016.

Notes to the financial statements

as at and for the year ended March 31, 2022

(₹ in lakhs)

82 Detail of resolution plan implemented under the resolution framework for Covid-19 related stress as per RBI circular dated August 6, 2020 (resolution framework-1.0) and May 5, 2021 (resolution framework-2.0) as at March 31, 2022 as given below-

Type of Borrowers	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at September 30, 2021 (A) *	Of (A), aggregate debt that slipped into NPA during the half year ended March 31, 2022	Of (A) amount written off during the half year ended March 31, 2022	Of (A) amount paid by the borrowers during the half year ended March 31, 2022	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at March 31, 2022 *
Personal Loans #	7,665.70	1,291.00	-	2,280.98	4,093.72
Corporate Persons	-	-	-	-	-
MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	**7,665.70**	**1,291.00**	**-**	**2,280.98**	**4,093.72**

* Consist of unbilled and overdue principal

Includes restructuring implemented pursuant to OTR 2.0 for personal loans, individual business loans and small business loans.

83 Disclosure persuant to RBI notification - RBI/2020-21/17 DOR.No.BP.BC/3/21.04.048/2020-21 dated 06 Aug, 2020

Type of borrower	Year	Number of accounts where resolution plan has been implemented under this window	Exposure to accounts mentioned at (A) before implementation of the plan
MSMEs	Current year	222	685.15
	Previous year	337	1,020.13

84 Disclosure as required under RBI notification no. RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020 on COVID-19 Regulatory Package - Asset Classification and Provisioning.

Particulars	As at March 31, 2021
(i) Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended *	1,20,371.00
(ii) Respective amount where asset classification benefits is extended **	Nil
(iii) Provision made on the cases where asset classification benefit is extended ***	-
(iv) Provisions adjusted during the respective accounting periods against slippages and the residual provisions	Nil

* Outstanding as on March 31, 2021 on account of all cases where moratorium benefit is extended by the Company up to August 31, 2020.

** There are NIL accounts where asset classification benefit is extended till March 31, 2021. Post the moratorium period, the movement of aging has been at actuals.

*** The Company have made provision for impairment loss allowance (as per ECL model) for the year ended March 31, 2021.

85 Disclosures on COVID-19 Relief Scheme announced by the Government of India, Ministry of Finance

Scheme for Grant of Ex-gratia payment

During the previous year ended March 31, 2021, the Government of India, Ministry of Finance, vide its notification dated October 23, 2020, had announced COVID-19 Relief Scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts (""the Scheme""), as per the eligibility criteria and other aspects specified therein and irrespective of whether RBI moratorium was availed or not. The Company has adjusted / refunded this amount to eligible borrowers, wherever possible basis information available. The Statement of claim for ₹ 914.96 lakhs (for the year ended March 31,2021) towards the amount of ex-gratia interest credited to the accounts of or paid to the eligible borrowers in specified loan accounts has been submitted to the relevant authority as designated by Government of India, Ministry of Finance and the same has been included as Ex-gratia interest receivables under Other financial assets as per note 10.

Notes to the financial statements

as at and for the year ended March 31, 2022

(₹ in lakhs)

86 Regulation 54 of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015, as ammended

Pursuant to Regulation 54 of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015, we would like to state that all secured listed Non-Convertible Debentures of the Company are secured by first pari passu mortgage of immovable property situated at Chennai, Tamilnadu and first and exclusive charge on receivables of the Company by way of hypothecation to the extent of minimum 100% times of the amount outstanding.

87 Other Statutory Information

(i) The Company do not have any investment property.

(ii) The Company do not have any benami property, where any proceeding has been initiated or pending against the group for holding any benami property.

(iii) Title deed of the Immovable Properties are held in name of the Company, further the Company has not revalued its Property, Plant and Equipment and intangible assets (including Right-of-Use Assets).

(iv) The Company do not have any charges or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period for borrowings.

(v) The Company, being a Non-Banking Financial Company ("NBFC") registered with the Reserve Bank of India as a systematically important NBFC, the provisions of section 2(87) read with Companies (restriction on number of layers) Rules 2017 are not applicable.

(vi) The quarterly statement of current assets submitted to banks/ financial institutions which are provided as security against the borrowings are in agreement with the books of account.

(vii) There have been no significant events after the reporting date require disclosure in these financial statements.

(viii) The Company has not entered any transactions with companies that were struck off under Section 248 of the Companies Act, 2013 or Section 560 of the Companies Act, 1956.

(ix) The Company have not traded or invested in crypto currency or virtual Currency during the financial year.

(x) The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding that the intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (ultimate beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

The Company have not received any fund from any person(s) or entity(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries

(xi) The Company have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

(xii) During the year, no scheme of arrangements in relation to the Company has been approved by the competent authority in terms of Sections 230 to 237 of the Companies Act, 2013. Accordingly, aforesaid disclosure are not applicable to the Company.

(xiii) Security deposit for securitisation cases is maintained as cash collateral deposits with banks under lien with respective trustee.

(xiv) The Company have not advanced or loaned to promoter, director, KMP & related party.

(xv) The Company is not declared wilful defaulter by any bank or financial institution or other lenders.

Notes to the financial statements

as at and for the year ended March 31, 2022

(₹ in lakhs)

(xvi) Pursuant to RBI circular dated November 12, 2021, "Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – clarifications", the Company has taken necessary steps and complied with the provisions of the circular for regulatory reporting, as applicable. The financial Statements for the quarter and year ended March 31, 2022, are prepared in accordance with the applicable Ind-As guidelines and the RBI Circular dated March 13, 2020 – "Implementation of Indian Accounting Standards".

(xvii) Previous year figures have been audited by another firm of the chartered accountants.

(xviii) The previous year's figures have been regrouped / reclassified, wherever necessary, to correspond with the current year's classification / disclosure.

The accompanying notes form an integral part of the financial statements.
As per our report of even date attached

For **S.R. BATLIBOI & ASSOCIATES LLP**
Chartered Accountants
Firm Registration No: 101049W/E300004

Amit Kabra
Partner
ICAI Membership No. 094533

Place : Jaipur
Date : May 20, 2022

For and on behalf of the Board of Directors of
SK Finance Limited

Rajendra Kumar Setia
(Managing Director)
DIN - 00957374

Shalini Setia
(Whole Time Director)
DIN - 02817624

Atul Arora
(Chief Financial Officer)

Anagha Bangur
(Company Secretary)
Membership No.: F10697

Place : Jaipur
Date : May 20, 2022

Appendix to the financial statements

as at and for the year ended March 31, 2022

(₹ in lakhs)

Schedule to the balance sheet of a Non Deposit Taking Non-Banking Financial Company (as required in terms of Annex-IV of Master Direction - Non-Banking Financial Company - Systemically Important Non-deposit Taking Company and Deposit Taking Company (Reserve Bank) directions, 2016

Particulars	As at March 31, 2022	As at March 31, 2021
Liabilities side:		
1 Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid:		
(a) Debentures : Secured	1,37,267.94	1,50,038.10
: Unsecured	5,127.91	1,993.99
(Other than falling within the meaning of public deposits*)	-	-
(b) Deferred credits	-	-
(c) Term loans from bank	1,82,409.35	85,252.15
(d) Inter-corporate loans and borrowing	85,880.99	66,952.75
(e) Commercial paper	4,962.06	-
(f) Other loans	-	-
Loan from:		
(i) Directors	-	-
(ii) Shareholders	-	-
(iii) CC limit from bank	32,087.81	9,414.61
(iv) Unsecured loan from bank and institution	2,036.64	8,783.67
Assets side:		
2 Break-up of loans and advances including bills receivables [other than those included in (4) below] (Net off provision on NPA):		
(a) Secured	4,60,323.63	3,22,074.34
(b) Unsecured	4,006.56	5,915.26
3 Break up of leased assets and stock on hire and other assets counting towards AFC activities		
(i) Lease assets including lease rentals under sundry debtors		
(a) Financial lease	-	-
(b) Operating lease	-	-
(ii) Stock on hire including hire charges under sundry debtors:		
(a) Assets on hire	-	-
(b) Repossessed assets	-	-
(iii) Other loans counting towards AFC activities		
(a) Loans where assets have been repossessed	-	-
(b) Loans other than (a) above	-	-
4 Break-up of investments:		
Current investments:		
1. Quoted:		
(i) Shares:(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government securities	-	-
(v) Others	-	-
2. Unquoted:		
(i) Shares: (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and bonds	61,094.30	9,781.91
(iii) Units of mutual funds	13,769.46	16,105.74
(iv) Government securities	-	-
(v) Others :		
Security receipt of ARC	683.70	-
Long term investments		

Appendix to the financial statements

as at and for the year ended March 31, 2022

(₹ in lakhs)

	Particulars	As at March 31, 2022	As at March 31, 2021
	1. Quoted:		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others	-	-
	2. Unquoted:		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and bonds	-	-
	(iii) Units of mutual funds	2,636.79	-
	(iv) Government securities	-	-
	(v) Others		
	Security receipt of ARC	-	-
5	**Borrower group-wise classification of assets finances as in (3) and (4) above: (Amount net of provisions ##)**		
	Category		
	1. Related parties		
	(a) Subsidiaries		
	i. Secured	-	-
	ii. Unsecured	-	-
	Total	-	-
	(b) Companies in the same group		
	i. Secured	-	-
	ii. Unsecured	-	-
	Total	**-**	**-**
	(c) Other related parties		
	i. Secured	-	-
	ii. Unsecured	-	-
	Total	**-**	**-**
	2. Other than related parties**		
	i. Secured	4,60,323.63	3,22,074.34
	ii. Unsecured	4,006.56	5,915.26
	Total	**4,64,330.19**	**3,27,989.60**
6	**Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):**		
	Category		
	1. Related parties		
	(a) Subsidiaries		
	i. Market Value / Break up or fair value or NAV	-	-
	ii. Book Value (Net of Provisions	-	-
	(b) Companies in the same group		
	i. Market Value / Break up or fair value or NAV	-	-
	ii. Book Value (Net of Provisions	-	-
	(c) Other related parties		
	i. Market Value / Break up or fair value or NAV	-	-
	ii. Book Value (Net of Provisions	-	-
	2. Other than related parties**		
	i. Market Value / Break up or fair value or NAV	78,184.25	25887.65
	ii. Book Value (Net of Provisions	78,184.25	25887.65
	Total		

** As per Ind AS

Provision distributed on gross amount of assets finances

Appendix to the financial statements
as at and for the year ended March 31, 2022

(₹ in lakhs)

Particulars			As at March 31, 2022	As at March 31, 2021
7	**Other information**			
	i	Gross non-performing assets		
		(a) Related parties	-	-
		(b) Other than related parties	13,507.76	13,866.81
	ii	Net non-performing assets		
		(a) Related parties	-	-
		(b) Other than related parties	9,647.33	6,538.56
	iii	Assets acquired in satisfaction of debt	-	-

Notes

Corporate Information

Board of Directors

Mr. Rajendra Kumar Setia
Managing Director

Ms. Shalini Setia
Whole Time Director

Ms. Debanshi Basu
Non-Executive Nominee Director

Mr. Akshay Tanna
Non-Executive Nominee Director

Mr. Amar Lal Daultani
Non-Executive Independent Director

Mr. Anand Raghavan
Non-Executive Independent Director

Mr. Atul Arora
Chief Financial Officer

Ms. Anagha Bangur
Company Secretary

Statutory Auditors

S.R. Batliboi & Associates LLP
Chartered Accountants
2nd & 3rd Floor
Golf View Corporate Tower-B
Sector - 42, Sector Road
Gurugram, Haryana, India - 122002

Internal Auditors

M/s Shah Patni & Co.
Chartered Accountants
SB-One, Bapu Nagar, J.L.N. Marg,
Jaipur - 302015.

Secretarial Auditors

M/s V.M. & Associates
Company Secretaries
403, Royal World, S.C. Road,
Jaipur - 302001

Concurrent Auditors

Gopal Ghiya and Associates
Chartered Accountants
B-49, Gautam Marg, Hanuman Nagar,
Vaishali Nagar, Jaipur - 302021

Registered Office

G 1-2, New Market, Khasa Kothi
Jaipur, Rajasthan - 302001
CIN:U65923RJ1994PLC009051

Corporate Office

36, Dhuleshwar Garden, Ajmer Road
Jaipur, Rajasthan - 302001

Registrar & Securities Transfer Agent

KFin Technologies Limited
Karvy Selenium Tower B, Plot No 31 & 32
Gachibowli, Financial District,
Nanakramguda, Serilingampally
Hyderabad - 500 032

Trustees

BEACON TRUSTEESHIP LIMITED
4C & D,Siddhivinayak Chambers,
Gandhi Nagar, Opp. MIG Cricket Club,
Bandra (East), Mumbai - 400051

IDBI TRUSTEESHIP SERVICES LIMITED
Asian Building, Ground Floor,
17, R. Kamani Marg, Ballard Estate,
Mumbai - 400001

Vardhman Trusteeship Private Limited
The Capital, A Wing, 412A,
Bandra Kurla Complex, Bandra (East)
Mumbai 400 051, Tel.: +91- 9820024538

CATALYST TRUSTEESHIP LIMITED
Windsor, 6th Floor, Offce No. 604,
C.S.T. Road, Kalina, Santacruz (East),
Mumbai - 400098

AXIS TRUSTEE SERVICES LIMITED
The Ruby, 2nd Floor, SW
29, Senapati Bapat Marg, Dadar West
Mumbai - 400 028

MITCON Trusteeship Services Limited
Address: 1402/1403, Dalamal Tower,
Free Press Journal Marg, 211, Nariman Point,
Mumbai - 400 021

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