



**'Changing Lives,
Building Futures'**

ANNUAL REPORT

2020-2021



*Thank you for your kindness, resilience and dedication.
You are making the world a better place.*

**ANNUAL
REPORT**

2020-21



Saath Aapke Hamesha

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Rajendra Kumar Setia Managing Director	Shalini Setia Whole Time Director	Amar Lal Daultani Non-Executive Independent Director	Anand Raghavan Non-Executive Independent Director
Akshay Tanna Non-Executive Nominee Director (Appointed w.e.f 3rd June, 2020)	Munish Dayal Non-Executive Nominee Director (Resigned w.e.f. 09th Nov, 2020)	Gaurav Trehan Non-Executive Nominee Director (Resigned w.e.f. 22nd May, 2020)	Debanshi Basu Non-Executive Nominee Director (Appointed w.e.f. 09th Nov, 2020)

BOARD COMMITTEES

Audit Committee Mr. Anand Raghavan Mr. Amar Lal Daultani Ms. Debanshi Basu	Asset - Liability Management Committee Mr. Rajendra Kumar Setia Ms. Shalini Setia Mr. Anand Raghavan Mr. Akshay Tanna	CSR Committee Mr. Rajendra Kumar Setia Mr. Anand Raghavan Mr. Amar Lal Daultani Mr. Akshay Tanna	Executive Committee Mr. Rajendra Kumar Setia Mrs. Shalini Setia Mr. Atul Arora Mr. Vivek Haripal Singh
Risk Management Committee Mr. Rajendra Kumar Setia Ms. Shalini Setia Mr. Amar Lal Daultani Mr. Akshay Tanna	Nomination & Remuneration Committee Mr. Anand Raghavan Mr. Amar Lal Daultani Ms. Debanshi Basu	IT Strategy Committee Mr. Amar Lal Daultani Mr. Anand Raghavan Mr. Gajendra Kumar Mr. Pratit Vijayvargiya Mr. Akshay Tanna	

KEY MANAGERIAL PERSONNEL

Anagha Bangur Company Secretary	Atul Arora Chief Financial Officer
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KEY MANAGEMENT TEAM

Vivek Haripal Singh Head - Treasury	Amarpreet Singh Batra National Business Head - Machines	Sameer Arora Chief Operating Officer - North	Girish Dangayach Chief Digital Officer
Pratit Vijayvargiya Chief Technology Officer	Raj Kumar Setia Senior Vice President - SME	Mihir Vaishnav National Business Head - SME	Rajeev Yadav National Legal Head
Ritesh Sharma Chief Operating Officer- West	Ritesh Kumar National Head - Operations	Honey Jain Financial Controller	Anil Sharma National Head - Human Resource
Abhijit Sharma Zonal Collection Manager	Harendra Singh Rathore Zonal Collection Manager	Yash Setia Head Strategy and Senior Analytics	Rohit Srivastava National Head- Credit & Risk
Nripendra Singh Business Head- Retail Consumers			

PRIVATE EQUITY PARTNERS

Norwest Venture Partners X - Mauritius

Norwest Venture Partners is a global, multi-stage investment firm that manages approximately \$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 recapitalization investments in distressed companies and turnaround situations. TPG also manages investment funds specializing 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 US \$ 75 Billion of total assets.

Baring Private Equity India AIF

Baring Private Equity India AIF is a category III AIF. Its 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.

Evolve Coinvest I & Evolve India Fund III Ltd.

Evolve Coinvest I: is fully owned subsidiary of Evolve India Fund II (EIF II), the first independent India-focused hybrid private equity fund with aggregate capital commitments of USD 250 million. Sponsored by Evolve Asset Management, a strategic partnership between Evolve Capital and GoldPoint Partners, an affiliate of New York Life Investment Management. EIF II is a USD 300 Mn 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 Suryodaya 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.

AUDITORS

B S R & Co. LLP

Chartered Accountants
5th Floor, Lodha Excelus Apollo Mills Compound
N. M. Joshi Marg Mahalaxmi, Mumbai-400 011

Secretarial Auditors

M/s V.M. & Associates
Company Secretaries 403, Royal World, S.C. Road,
Jaipur-302001

Internal Auditors

M/s Shah Patni & Co.
Chartered Accountants
SB-One, Bapu Nagar, J.L.N. Marg, Jaipur - 302015.

TRUSTEES

Beacon Trusteeship Ltd

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.

Catalyst trusteeship limited

Windsor, 6th Floor, Office 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

REGISTRAR & SECURITIES TRANSFER AGENT

Kfin Technologies Private Limited.

Karvy Selenium Tower B, Plot No 31 & 32 Gachibowli, Financial District,
Nanakramguda, Serilingampally Hyderabad – 500 032

Registered Office

G1-2 New Market, Khalsa Kothi
Jaipur-302001 (Rajasthan)

Corporate Office

36, Dhuleshwar Garden, Ajmer Road
Jaipur - 302001 (Rajasthan)



Ess Kay AT A GLANCE

MISSION

To Understand the aspirations of self-employed individuals and small businesses of rural India

To Penetrate to remotest areas lying at the bottom of the pyramid through a mirage of financial offerings.

To Equip their skills through a host of distinguished financial services, fostering equitable prosperity in the geography.

To Empower their abilities to enable entrepreneurship by educating them about the benefits of a formal system,

To Secure and Shape their future through our credible, professional, and customer-centric services.

To Witness a financially secured, prosperous and a shared future by bridging the disparity gap between different sections of the society.

VISION

Ess Kay Fincorp envisages to be the most preferred Company for nurturing and embracing the future of underserved section of the society. We seek to transform the world, wherein the small businesses and self-employed are protagonists of development.

Extending our aid to the under privileged section of the society, we stand firm as facilitators of entrepreneurship and transformation.

VALUES

'A Shared Progress'

Built on a strong foundation of a robust value system and deep rooted culture of empathy, we provide reliable credit services.

Through our systematically adopted value approach- we have cast a wider net in measuring the impact of our actions on the society. By keeping our stakeholder ecosystem in balance, we ensure that the benefits of growth cascades across various units.

It is our conviction and relentless pursuit to go the extra mile, even in the face of diversity, thus benefiting one and all alike

From The Desk of **FOUNDER & MANAGING DIRECTOR**



I, on behalf of Ess Kay Fincorp Limited, at the very first, would like to extend my warm wishes and pray for the good health and safety of everyone, including your loved ones and extended family. As it is said, tough times don't last, but tough people do. I am sure that with each other's support, we will sail through these challenging times. Secondly, I would like to take this opportunity to express my gratitude to our stakeholders who have participated in our journey of 27 years, specifically to start with our Respected Investors, Esteemed Board Members, Partners, the Strategist of Ess Kay, Key Management Team and the employees for their relentless efforts. As you know, the year that has passed by was more of a roller-coaster ride depicting a similar pattern starting on a worrisome note reflecting quite a discomfiture, but then gradually, as the environment evolved, the ride went well and has ended with a message of enthusiasm.

Unfolding The Pandemic Experience

As per the Second Advance Estimates of National Income released by the CSO, actual economic activity is expected to have contracted by 6.5% during the fiscal as the COVID-19 pandemic took a toll on economic activity. This was the first instance of a contraction since 1980. Nominal per capita income fell quite sharply during the year with pandemic leaving none, hitting all segments of the economy quite hard with the manufacturing, construction and services segments reporting significant contractions during the fiscal. Agriculture, however, showed as a lone bright spot in the economy, growing by 3.6% in the year. Rural areas were better placed on account of sparsely spanning population distributed over a large geography and better immunity levels with access to better air, food and water versus urban India, where the situation was far grimmer. On the demand side, all drivers of economic activity fared poorly in the Financial Year 2021. Private consumption spending declined sharply due to a fall in household incomes, while capital formation contracted as the private sector delayed investments due to weak demand and low capacity utilisation levels. Exports also fell sharply with a contraction in world trade volumes owing to weak demand across the globe.

So far, we have learnt that every time the globe faces a calamity, every time a giant and opportunistic economy like India faces an addressable situation, the system, by its very nature, comes out with a solution that resolves it from the roots. These solutions take their time to evolve while they undergo various sustainability tests. When we look in hindsight at this pandemic, we understand it as a medical discovery and reform which at present is undergoing evolution, and the solution that shall come out (which is a matter of time and patience) will eradicate it like many other pandemics and outrages that occurred in the past. What each of us as responsible citizens can do our best is extend cooperation and observe discipline to the announcements during recovery.

Overview of FY 2021

The year that passed by helped us test our systems and update and improvise our processes. Conclusively, we are delighted to share that we have subsisted this challenging year unscathed and flourished out progressively with considerable growth relative to our peers. This year brought us much closer to our customers, gave ample time to look inward, and enabled us to review and fine-tune our policies and understand our stakeholders' perceptions. Through proactive and empathetic discussions with our lenders and investors, we have entered new partnerships, got time to look at each line item for improvisations and further build our muscles for the journey ahead. We always have practised our core values fundamentally driving our business model; however, this event renewed our thrust towards **Customer Centricity, Financial Discipline, Balanced Risk and Reward**.

With the sudden announcement of lockdown, the nation faced the brunt of a standstill and loss of income at the grass-root level. We have always believed in standing by our customers and acted as financial enablers for various families. We have just not loaned out money, but we have tried to be an integral part of the growth and expansion of businesses. To the best possible extent, we have participated in improving our customer's lives in these challenging times and actively adopted all policies and extended aids.

To support the unprepared and shocked economies, Central Banks came to the forefront, announcing massive rate cuts and stimulus measures, doling out trillions of dollars to pump growth. Policy easing by the Central Banks was timely, swift, significant in scale and most importantly, coordinated. Meanwhile, Central Governments juggled maintaining the right balance between containing the spread of the pandemic through strict lockdown measures and re-opening the economies to boost consumption. Initiatives by the Government of India and RBI through Emergency Credit Line Guarantees Scheme (ECLGS), moratorium, and restructuring helped the industry rebound in the second half of FY 21, and it is expected to continue providing momentum in FY 22. In line with RBI guidelines, Ess Kay offered a moratorium to its customers and provided resolution plans to its customers as per RBI's guideline on 'Resolution framework for COVID-19 related stress.'

Be it through policies announced by the Centre or through our Corporate Social Responsibility, I, **have actively been a part of the customer's challenges and taken it up as a personal agenda to bring improvement wherever possible.** Money is a financial asset that needs discipline in management. Ess Kay is accountable for every penny of money mobilized. **'Tactful and cautious decision making in underwriting'** is a journey that we have walked so far.

We will always stick to our **primary motive of making money available to the deepest parts of the economy who are deprived of the formal financing structure due to limitations beyond their control.** Our constant endeavour is to improve the quality of life of the economically weaker sections of society and help them achieve financial independence. Moreover, we consider ourselves socially and environmentally responsible, and we are ready to undertake the path of strategizing ourselves and arranging our ideology parallel to being a socially accountable NBFC. Lastly, privacy, transparency and accessibility to data are things we have always harped on, and we shall always abide by. Our partners are the most valuable and intangible treasure of Ess Kay, and we are cognizant of the very fact that the transition of 27 years from a Non-Fund based Financier to an Asset Finance NBFC would not have been possible without the timely support of all our partners.

Outlook for FY 2022

While the current resurgence of COVID-19 may dent prospects in the initial part of the year, vigorous vaccination efforts and improved adherence to safety protocols should spark a revival in the latter half. Therefore, we believe the recovery is on the horizon in the year ahead, and we are optimistically convinced that the year shall end with a definitive solution to the pandemic.

Our focus in FY 2022 will be to **further optimistically strengthen the collections mechanism** so that asset quality is well protected. Our aim is also to **build up the book with a strengthened credit risk mechanism** to make up for the lost time, **continue with excess liquidity** so that contingencies like pandemic waves until completely eradicated can be safeguarded, while we shall be successfully upgraded to Finone Neo version 4.0 to 5.5 in FY 2022.

We shall continue to **improve productivity by implementing robust and effective IT Infrastructure and undertake requisite CSR Initiatives** encompassing financial, medical and insurance assistance and educational support to covid impacted individuals. We aim to **successfully implement a structured Environmental and Social Management System to be an ESG Compliant NBFC.**

A famous quote by Albert Einstein states, **In the Middle of Difficulty lies Opportunity.** We are very fortunate to be a part of a progressive and gigantic economy like India. When there is a natural slowdown in the economy, we all should consolidate our position, take a dive and find out what can be improved and how can we build up. The de-acceleration will add fuel to the engine to run faster and achieve what is planned with a well-built protective mechanism to risk and challenges. Every achievement has a bumpy ride to make it worth remembering and cherishing. I feel very obliged to address all of my near and dear ones annually, and it gives me pleasure to write to each one of you. Every act of our life should benefit humankind, and achieve this goal requires a life-long commitment.

Each step of Ess Kay is dedicated to providing a formal finance platform **to underserved rural and semi-urban India** through **our customer-centric approach**.

With this, I would like to conclude by taking this opportunity to record my heartfelt gratitude for the guidance and cooperation extended by our regulators. I would also like to extend my sincere appreciation for the excellent patronage received by Ess Kay from our lenders and for the continued fervour, commitment, steadfast endeavours of our key management team and employees at all levels. I am profoundly humbled and grateful for the continued confidence and faith reposed on us by all the stakeholders.

“Ess Kay Fincorp is no stranger to adversities. In fact, an event of such scale and impact puts to test the fundamental strengths of any organisation. However, your company has once again demonstrated its ability to withstand challenges and quickly adapt to the emerging realities. Ess Kay Fincorp for you and with you, always”.

A circular graphic on the left side of the page. It features a blue-tinted background image of a person in a suit writing on a document. Overlaid on this image are several interlocking gears, some in white outline and others in a darker blue. The right side of the page is a solid green shape that overlaps with the circular graphic.

Board of DIRECTORS

‘Leading With A Purpose’

As we move ahead, we have many strengths to leverage but our greatest strength is the trust that people have in our company.

Our Board of Directors, leadership team, and our employees are focused on growing our business, expanding our geographical footprint, offering the best value proposition to our customers and improving the lives of people around us.

Ess Kay Fincorp will continue to live up to this trust and commitment in its journey and promise to deliver added shareholder value.

**MR. RAJENDRA
KUMAR SETIA**

Managing Director



MS. SHALINI SETIA

Whole Time Director



**MR. ANAND
RAGHAVAN**

Independent Director



**MR. AMAR
LAL DAULTANI**

Independent Director

**MS. DEBANSHI
BASU**

Nominee Director



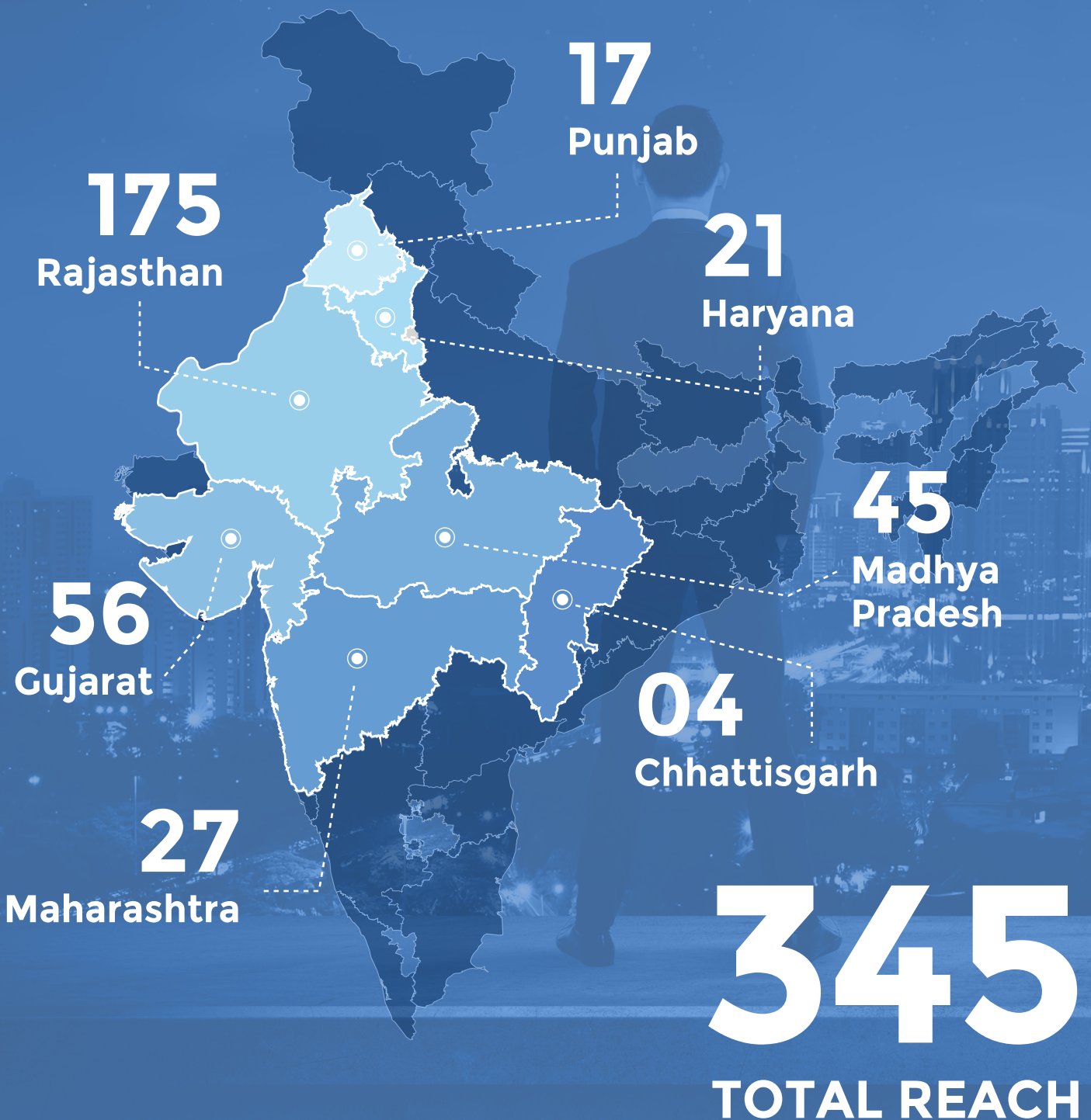
**MR. AKSHAY
TANNA**

Nominee Director



OUR NETWORK

OUR REACH



Rajasthan

AAbu Road	Dungargarh	Malsisar
Achrol	Dungarpur	Mandalgarh
Ajeetgarh	Fatehnagar	Mangalwad
Ajmer	Fatehpur	Manoharpur
Alwar	Gangapur	Mehandipur Balaji
Andhi	Gharsana	Merta City
Anupgarh	Ghatwari	Muhana Mandi
Asind	Gogunda	Nagaur
Bagru	Gola Ka Bas	Nainwa
Balesar	Govindgarh	Narayanpur
Balotra	Govindpura	Nawalgarh
Bandikui	Gudagaurji	Neem Ka Thana
Bansur	Hanumangarh	Newai
Banswara	Harmada-Jaipur	Nimbahera
Baran	Jaipur Branch	Nirman Nagar-Jaipur
Barmer	Jaipur Rural	Nohar
Bassi	Jaitaran	Nokha
Beawar	Jalore	Osian
Behror	Jalsu - Dsa	Padampur
Bhadra	Jamwaramgarh	Pali
Bhankrota	Jhalawar	Pallu
Bhawanimandi	Jhunjhunu	Palsana
Bhilwara	Jobner	Panchu
Bhim	Jodhpur	Paota
Bhinder	Kalu	Parbatsar
Bhinmal	Kalwar	Phagi
Bhopalgarh	Katar	Phalodi
Bidasar	Kekri	Phulera
Bijaynagar	Khajuwala	Pilani
Bikaner	Khandela	Pipar City
Bissau	Khatu Shyamji	Pratapgarh
Bundi	Kherwara	Pugal
Chaksu	Khetri	Raisinghnagar
Chandwaji	Khora Bisal	Rajapark-Jaipur
Chhabra	Kishangarh	Rajgarh
Chirawa	Kolayat	Rajsamand
Chittorgarh	Kota	Ramganjmandi
Chohtan	Kotputli	Ramgarh Pachwara
Chomu	Kuchaman City	Ratangarh
Churu	Kuchera	Rawatsar
Danta	Lalsot	Reengus
Ramgarh	Lawan	Renwal
Dausa	Laxmangarh	Reodar
Degana	Losal	Sadri
Deogarh	Luniyawas	Sadulpur
Deoli	Lunkaransar	Sadulshahar
Dhorimanna	Mahajan	Sagwara
Dhuleshwar	Makrana	Sahawa
Garden	Malpura	Salasar
Didwana	Malsisar	Salumber
Dudu	Malpura	Sardarsahar

Sattasar
Seruna
Shahpura
Shahpura-Bhilwara
Shivdaspura
Shrimadhampur
Sikar
Silver Square-Jaipur
Singhana
Sirohi
Sitapura
Sri Ganganagar
Sri Vijaynagar
Sujargarh
Sumerpur
Suratgarh
T.P.Nagar-Jaipur
Taranagar
Thanagazi
Thanwala
Toda Raisingh
Tonk
Udaipur
Udaipurwati
Viratnagar
Vki-Jaipur

Jetpur
Junagarh
Kalol
Kathlal
Lunawada
Mehsana
Modasa
Morbi
Nadiad
Navsari
Palanpur
Patan
Porbandar
Radhanpur
Rajkot
Sanand
Santrampur
Satlasana
Surat
Surendranagar
Tharad
Una
Vapi
Veraval
Vijapur
Viramgam
Visnagar
Vyara

Indore
Jabalpur
Jhabua
Katni
Khandwa
Khargone
Khategaon
Manasa
Mandla
Mandsaur
Narsinghpur
Neemuch
Pachore
Pithampur
Raisen
Ratlam
Rewa
Sagar
Satna
Sehore
Sendhwa
Seoni
Shahdol
Shajapur
Shamgarh
Shujalpur
Ujjain
Vidisha

Gujarat

Ahmedabad Rabari Colony
Ahmedabad Shyamal
Amreli
Anand
Bardoli
Bareja
Baroda
Deesa
Dehgam
Deodar
Devgadh Baria
Dhandhuka
Dhrangadhra
Gandhidham
Gandhinagar
Godhra
Himmatnagar
Idar
Jamkhambhaliya
Jamnagar

Madhya Pradesh

Agar
Alot
Ashta
Badnagar
Bareilly
Barwani
Betul
Bhawarkua
Bhopal
Burhanpur
Chhindawara
Damoh
Dewas
Dhamnod
Dhar
Harda
Hoshangabad

Maharashtra

Ahmednagar
Baramati
Chakan
Chalisgaon
Chaufula
Chiplun
Dhule
Ichalkaranji
Jalgaon
Kankavli
Karad
Latur
Malegaon
Nanded
Narayangaon
Nashik
Osmanabad
Pimpri
Pune
Sangamner
Sangli
Shahada
Shevgaon
Shirpur
Shrirampur
Solapur
Yeola

Punjab

Abohar
Barnala
Bathinda
Faridkot
Fazilka
Ferozepur
Malerkotla
Malout
Mansa
Moga
Muktsar
Nabha
Patiala
Patran
Sangroor
Sardulgarh
Sirhind

Haryana

Adampur
Ambala
Barwala
Ellenabad
Fatehabad
Hansi
Hisar
Kaithal
Karnal
Ladwa
Mandi Dabwali
Mohindergarh
Naraingarh
Narnaul
Narwana
Panipat
Pehowa
Rewari
Sirsa
Tohana
Yamuna Nagar

Chhattisgarh

Bilaspur
Mungeli
Raipur
Rajnandgaon



Environmental, Social and **GOVERNANCE FRAMEWORK**

At Ess Kay Fincorp Limited (herein, after being referred to as “Ess Kay”), we are committed to offering accessible, customizable & technology-enabled financial assistance to the under-served ‘RURBAN customers’, including first-time borrowers and entrepreneurs and those with limited banking history. EssKay’s product offerings primarily revolve around providing asset-backed financing for income-generating activities and include loans for commercial vehicles, agriculture equipment, four-wheelers, two-wheelers and Micro Small and Medium Enterprises (MSME).

With an intention to differentiate itself and to promote cleaner technologies, Ess Kay aims to adopt Environmental, Social and Governance (herein after being referred to as “ESG”) goals. Our foray through the extension of support to products like Compressed Natural Gas (CNG) vehicles allow the company to align its business operations with the United Nations Sustainable Development Goals (SDGs), thereby amplifying EssKay’s effort to facilitate sustainable socio-economic development.

EssKay understands that the activities of its borrowers have the potential to cause both beneficial and adverse Environmental and Social (E&S) impacts. These adverse impacts could arise due to unintentional non-compliance to E&S legal requirements, resultant ecological and health damage. Lack of understanding and empathy towards labour management practices and other associated risks/hazards at the workplace may lead to damage and loss of assets. These adverse impacts, if left unaddressed, could translate to credit and/or reputational risks not only for the borrower but also for Ess Kay. Ess Kay, therefore, recognizes the need to address these E&S risks and resultant impacts at an early stage through a structured approach and take timely appropriate measures on a proactive basis.

Ess Kay also believes that such engagements with the borrowers can also result in value creation through responsible lending in terms of improved portfolio performance and increased loyalty amongst customers leading to brand differentiation.

Recognizing this need, Ess Kay has developed its E&S Policy that states its commitment to integrating E&S considerations in its business operations. This E&S Policy has been developed in alignment with the Applicable Indian E&S Laws and Regulations, International Finance Corporation’s E&S Performance Standards, 2012, The World Bank Group General and Sector (as relevant) specific Environmental, Health and Safety (EHS) Guidelines, ILO Conventions, The United Nations Sustainable Development Goals, The Client Protection Certification Standards of the Smart Campaign (May 2016) to identify, assess, manage, and monitor the E&S risks and in addition explore opportunities that add value in the transactions.

Ess Kay aspires to become the most preferred financier by providing credible, professional and customer-focused world-class finance services. To meet the above objectives, we feel E&S Policy will play a pivotal role.

EssKay Fincorp Limited's Environmental and Social Policy

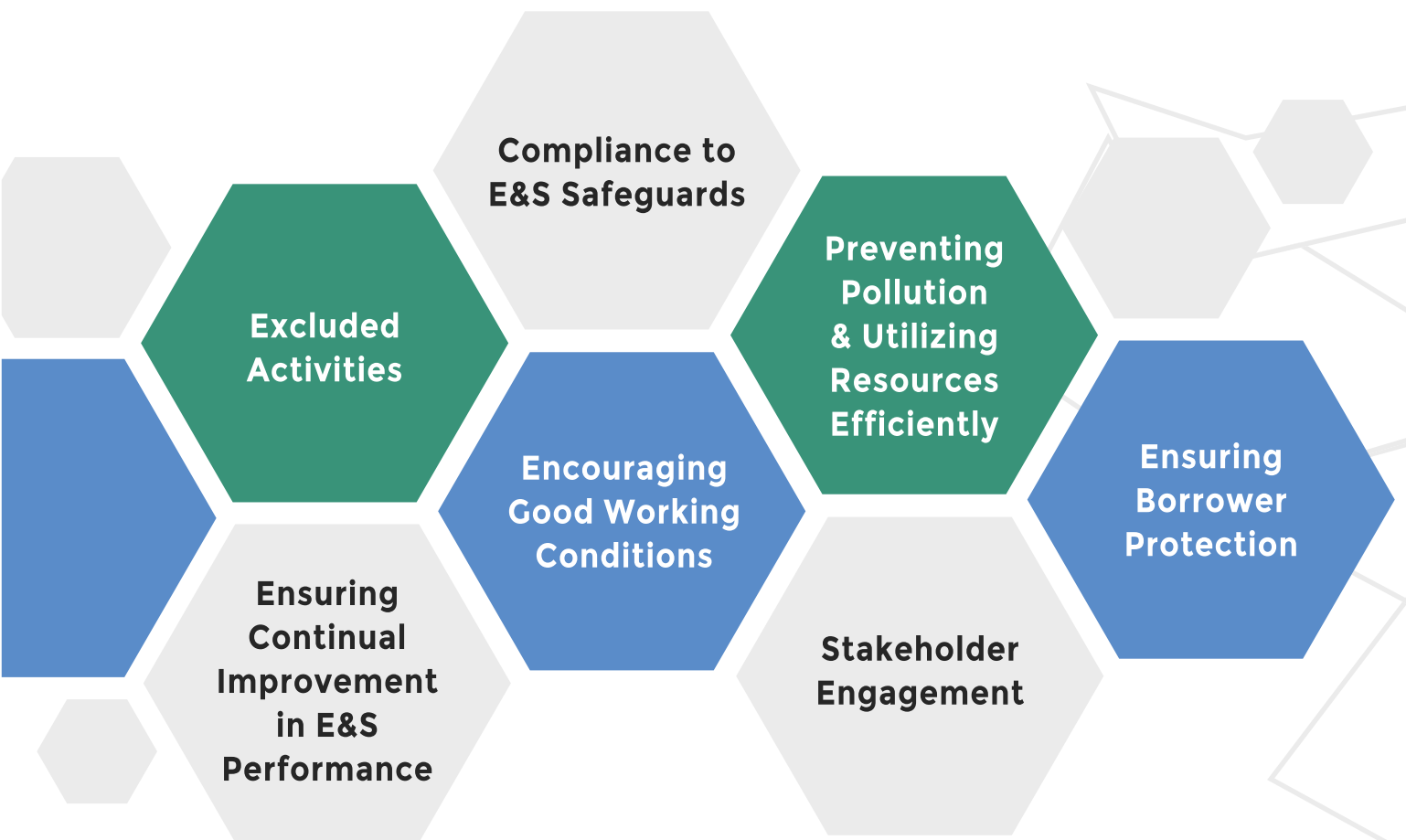
EssKay Fincorp Limited ("Company") envisions to be the most preferred financier across the semi-urban and rural areas of the country by offering access to formal credit and, in the process educate and shape a comprehensive and financially strong community. The company shall thus ensure transparency, integrity, and good corporate governance across its business operations to be customer-centric and provide intelligent solutions for its customers.

EssKay's Environmental & Social Policy reinforces its commitment towards sustainable & socio-economic development and integrating environmental and social considerations into its business operations and decision-making processes.

EssKay Fincorp Limited will thus:

- Conduct its business in an environmentally sensitive, socially responsible, fair and transparent manner.
- Not extend loans to any activity that features in EssKay's 'Exclusion List' or is prohibited by local, national, or international laws, as applicable.
- Assess E&S risks due to its business operations and build internal capacities and procedures to ensure that these risks are addressed.
- Influence borrowers to comply with relevant national and state E&S regulations; and continually seeking to adopt good industry practices and international E&S safeguards, as appropriate.
- Encourage the protection of the environment; conservation of natural resources; good labour practices; safe and healthy workplace environment; and promotion of cleaner technologies.
- Proactively engage with its stakeholders using an external communication mechanism to ensure timely resolution of grievances, maintain ethical conduct.
- Protect its borrower through robust stakeholder engagement for effective communication.

Operational Principles that support Ess Kay's E&S Policy



We at Ess Kay have decided to take the path less travelled by adopting ESG policy in its business operations and ensuring that the institution complies with each Environmental, Social and Governance goal. We aim to practice the concept of conscious capitalism when it comes to ESG Action Plan implementation, which means we are ready to commit our passion to our purpose. While we are committed to our mission of making money lending easy, accessible and transparent, we are also focused on building a prosperous ESG compliance ecosystem at Ess Kay.

Investor TESTIMONIALS



TPG Growth IV SF Pte Limited

"Esskay has demonstrated the strength of its franchise despite the challenges faced by the Company in its operating environment due to the pandemic during FY2020-2021. Through multiple initiatives undertaken by the Esskay team, the Company has been able to ensure continued growth while maintaining stable asset quality during FY2020-2021. Additionally, Esskay's focus on digitization and technology is already showing meaningful performance improvement and will continue to help accelerate Company's growth trajectory. We believe Esskay is well-placed to build long-term value and look forward to continuing to work with the team along their journey in creating a successful rural and semi-urban focused lending platform in India."



Norwest Venture Partners X- Mauritius

"We are delighted to have partnered with Ess Kay Fincorp and Mr Setia over past four years. Ess Kay Fincorp has continued to perform appreciatively well despite the impact of Covid on India. Ess Kay continued to grow its business operations while managing asset quality even during such challenging times. We are incredibly proud that Ess Kay was able to support its customers and optimally balance customer centricity with collections. EssKay has exceptionally maintained its industry-leading benchmarks."



Evolve Group

"Despite having an unrepentant macro-environment, Esskay was resilient in collections and maintaining asset quality. With the market potential for the products offered across semi-urban and rural areas, Esskay's strong value proposition makes it an ideal candidate for success. Its ability to grow at a rapid pace with proven branch economics has further instilled confidence in its ability to grow sustainably, and we look forward to continuing being a part of its story."

Mr. Atul Arora
Chief Financial Officer

At Esskay, we aim to contribute sustainable growth of all our stakeholders including our customers, business partners, lenders, shareholders, and human resource capital. To achieve this we follow simple fundamental approach of maintaining a stability through strong financial base that can survive, evolve and adapt in ever altering business environment.

We have all seen very turbulent and challenging times last year and we believe that rather than focussing on the problems, it is always prudent to focus on possibilities. I would like to share with you how we stayed resilient, focussed on the possibilities and reenergised ourselves to face the challenges and overcome them.

As the pandemic unfolded and entire country and world at large has overcome, we focused on how best we could serve. To begin with, we acted with speed but also exercised caution at every step. Our previous efforts and investments in building a digital ecosystem enabled us to continue our work virtually, uninterrupted. We stayed connected with our customers and employees and carried out all functions virtually. The unpredictable nature of the pandemic and its impact on our business also required us to make changes along the way. Further, we continued to strengthen our risk management framework which remains crucial to our business.

Rather than pursuing comparative figures of growth and profitability, we worked on staying financially robust. As always, we endeavoured to maintain the strength of the balance sheet along with a high degree of fairness and transparency.

FINANCIAL HIGHLIGHTS:

- Due to Covid-19 pandemic led national lockdown and other mobility restrictions the disbursements in FY 2020-21 aggregated to Rs. 1630 crore as compared to Rs. 2193 crore in FY 2019-20.
- The AUM of the Company stood at Rs. 3417 Crores as at March 31, 2021 against Rs. 2986 crores as at March 31, 2020 registering a robust growth of 14.43% on YoY basis.
- The gross NPA was 4.04 % of the loan assets and the net NPA was at 1.90 % of the loan assets as at March 31, 2021.
- As on March 31, 2021, the debt to equity ratio of the Company stood at 3.47 against March 31, 2020 which stood at 2.99.
- Capital adequacy as at March 31, 2021 under Ind-AS stood at 27.67% , out of which, Tier I capital adequacy ratio stood at 26.99% and Tier II capital adequacy ratio stood at 0.68%, respectively.

With respect to our liabilities, we maintained an ideal debt resource mix, ensuring a continuous flow of funds while maintaining optimum utilisation of capital. Where our ALM is concerned, based on our assessment of structural liquidity for the period ended 31st March 2021, there is no negative impact on the liquidity. Further, our cash flows in all the cumulative buckets remain positive. With efforts directed towards efficient liability management and due to a reduction in MCLR by the banks, we were able to reduce our cost of borrowing. Our experience of over 26 years has taught us that difficult phases shall pass too and when the economy returns to normal, companies with strong fundamentals have the opportunity to grow their balance sheet size once again.

Our foremost priority for FY 2021-22 will be to rely on our digital ecosystem and it will only increase as we move forward. We continue to believe that SME segment offers huge potential and will focus on this segment as key growth driver. We plan to expand our geographical footprint by adding more branches to our existing network. Our focus on maintaining the asset quality of our portfolio will remain critical even as we pursue opportunities to grow. I take this opportunity to express my gratitude to each one of you who have trusted in us and believed in our ability to serve you.

KEY PERFORMANCE INDICATORS

Our strengths run much deeper. What is visible is the outcome of a strong foundation, a robust value system, our relentless pursuit and conviction.

Our story, in a gist, lies beneath

TOTAL REVENUE

691.18

CRORES

AUM

3,417.17

CRORES

PROFIT AFTER TAX

91.08

CRORES

OUR OPERATING MODEL

'A New Age Company'

Our operating model is curated to maximise value while sustaining increased levels of speed, agility and efficiency. The company is increasingly focusing on digital channels to further widen its reach, improve operational efficiency and enhance customer experience.

Our model is based on five strategic objectives:



Our S.M.A.R.T business model creates relevant objectives and develops specific and measurable strategies that help us achieve our business objectives on time.

Ess Kay's expert business consultants use these tried and tested strategies to gain the most effective solutions for our customers.

Working with us, our customers are provided with ongoing support throughout the process until their goals are efficiently met.

LIST OF BANKS & FI'S





CORPORATE SOCIAL RESPONSIBILITY

1. Health Care

A. Expenses for Medicine & Grocery

When the nation went into lockdown, EssKay rose in solidarity with those in need of support.

EssKay Foundation distributed medicines and groceries to the most vulnerable pockets of the city with the help of local police stations at Bani Park, Sadar and Sindhi Camp.

B. Donation to CM Relief Fund for Covid

Keeping in view the disaster situation of the Covid-19 pandemic, Ess Kay Foundation donated Rs. 21 lakh to the Chief Minister Relief Fund to be used for the weaker sections of the society.

C. Autism Care

Ess Kay Foundation has adopted an Autism Care Centre at J K Lone Hospital for the health and care of children suffering from autism and other such ailments.

D. Health Awareness

Ess Kay foundation, under its CSR, has placed multiple signboards, flex and banners with awareness messages on Covid-19 and its precautions across Jaipur city activity for public awareness on health.

E. Satellite Hospital

To generate public awareness on health, Ess Kay has sponsored signboards and banners on health awareness at the Satellite Hospital located at Bani Park

2. Environmental

Wall Painting for Environment

In one of its kind initiative, Ess Kay took up getting the city walls in Kota, and Jala-war city painted to spread awareness about the conservation of the environment.

3. Road Safety

A. Traffic Guidelines Awareness

Ess Kay foundation plays an active role in ensuring that the message of road safety and Traffic rules are spread across the city. Various barricades and signboards have been placed at multiple junctions and circles, and roads in Jaipur to convey the message of Road Safety to the general public.

A traffic booth was also constructed near Golcha Cinema for Traffic Police as a gesture of goodwill and support.

On the Occasion of the Women's day celebration, a thanksgiving event was organised at Yadgaar Bhawan, Jaipur, by Ess kay Foundation and 150 Helmets were distributed to female traffic police officers.

4. Animal Welfare

Gau-Shala Seva Samiti Begas

Gau Shala Seva Samiti, as the name suggests, works on the issues of abandonment and care of cows and other animals. The Samiti predominantly works with cows on their health care and nourishment. A lot of injured and abandoned cows are given safe shelter and care at the Samiti center.

Ess Kay foundation donated funds to the Samiti for the fodder and medical expenses of the Cows residing at the shelter.

5. Hunger & Poverty

Girdhar Lal Setia Memorial Trust

Girdhar Lal Setia Memorial trust works for the well-being of vulnerable pockets of society. Ess Kay foundation is a regular donor to the trust for distributing food items to homeless people in the city.

6. Education

A. Hare Krishna Movement Jaipur

Hare Krishna Movement is an affiliated concern of the Akshay Patra Foundation, a not-for-profit organisation. It strives to eliminate hunger by implementing the Mid-Day Meal Scheme in government schools and government-aided schools. Alongside, Akshaya Patra also aims at countering malnutrition and supporting the right to education of socio-economically disadvantaged girl children.

Ess Kay Foundation has partnered with the very objective of the trust and has been a sponsor for its projects for facilitating the eradication of hunger and illiteracy among young girls in India.

B. SS Jain Subodh PG College

Ess Kay foundation has made several donations at the college to sponsor girls' education and college fees from lower socio-economic backgrounds.

C. Round Table Trust

Ess Kay foundation has collaborated with Round Table Trust Jaipur to support the construction of classrooms and other school infrastructure at Govt. Sr. secondary School, Panchawala and Meenawala, Jaipur

D. Jaipur Maharashtra Mandal

Jaipur Maharashtra Mandal is an association of Marathi speaking population of the city to keep their culture and language alive. For this purpose, the society is also running a school for its community population in Jaipur. Ess Kay Foundation sponsors the salary for teachers for the schools to empower the society on its objective.

E. Abhiyan Bharat Foundation

The Abhiyan Bharat movement aims to create an opportunity for underprivileged children to receive a holistic education that helps them fulfil their potential. Ess Kay foundation is an active donor to the foundation for its programs on health and education. The foundation funds the activities under its various projects meant to alleviate the vulnerable sections of society.

F. Adarsh Shiksha Samiti

Adarsh Shiksha Samiti (Adarsh) is a non-profit and non-government organisation working towards women empowerment, education and livelihood promotion. Ess Kay Foundation is a key donor of the Samiti. Ess Kay Foundation has funded the development and improvement of infrastructure like library and garden in the school run by Samiti. Ess kay also sponsors and supports the education of bright students from lower socio-economic backgrounds.

G. Narmadeshwar Trust Udaipur

Narmadeshwar Trust Udaipur is a registered NGO that works to establish schools and other educational institutions to uplift lower sections of society. The organisation is currently running schools in Udaipur.

To support the organisation and children in the remote belt of the city to commute to school safely and regularly, Ess Kay foundation has donated a two Wheeler-Honda Activa to the school under its CSR work.

7. Sports

Ranthambore Cricket Club

Ranthambore Cricket Club in Ranthambore has been working tirelessly to endorse sports in the region. They also work in communities with children from lower socio-economic backgrounds to promote sports and related activities.

Ess Kay Foundation has donated Cricket kits and other sports material to the club for its activities. The group also supports and funds the training of eligible and worthy students.

OUR TEAM

Our Strength. Our Legacy

**SAMEER ARORA**

Chief Operating Officer-North

**RITESH SHARMA**

Chief Operating Officer -West

**RAJ KUMAR SETIA**

Senior Vice Preside - SME

**AMARPREET BATRA**

National Business Head

**VIVEK HARIPAL SINGH**

Head-Treasury

**YASH SETIA**Head Strategy and
Senior Analytics**PRATIT VIJAYVARGIYA**

Chief Technology Officer

**GIRISH DANGAYACH**

Chief Digital Officer

**ROHIT SRIVASTAVA**

National Head - Credit & Risk



MIHIR VAISHNAV
National Business Head - SME



RITESH KUMAR
National Head - Operations



RAJEEV YADAV
National Legal Head



ANIL SHARMA
National Head - Human Resource



ANAGHA BANGUR
Company Secretary



HONEY JAIN
Finance Controller



NRIPENDRA SINGH
Business Head - Retail Consumers



ABHIJIT SHARMA
Zonal Collection Manager



HARENDRA SINGH RATHORE
Zonal Collection Manager

PRODUCT Segment

VEHICLES

Customer Base

102,364

No

AUM (31st March 2021)

2,360.67

Crores

MACHINES

Customer Base

32,218

No

AUM

607.17

Crores

MSME

Customer Base

8,033

No

AUM (31st March 2021)

366.09

Crores

TWO WHEELER

Customer Base

33,379

No

AUM (31st March 2021)

83.04

Crores

175,994

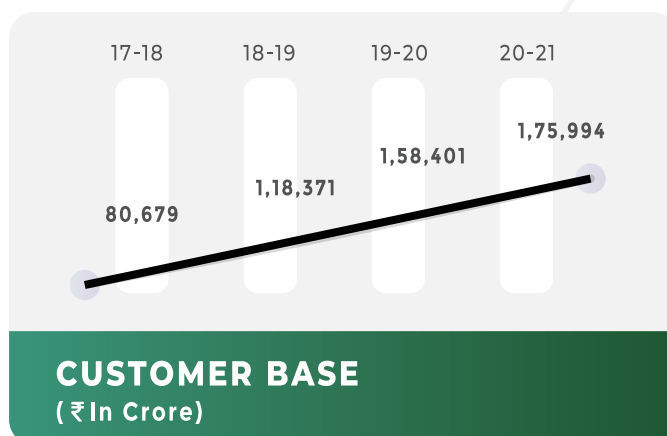
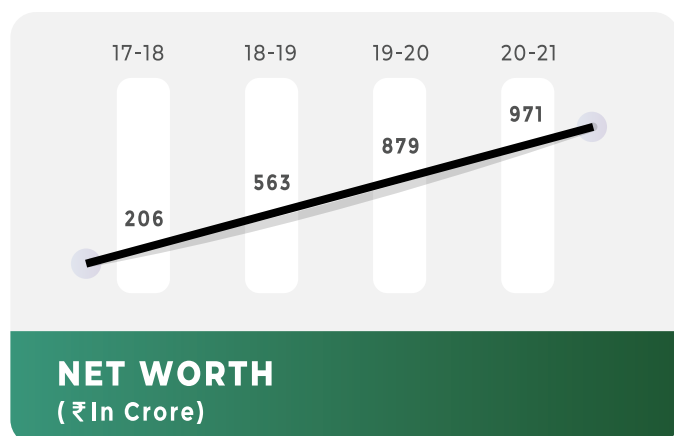
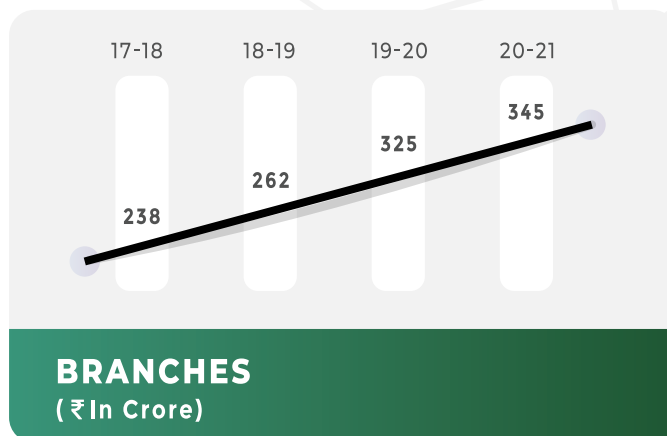
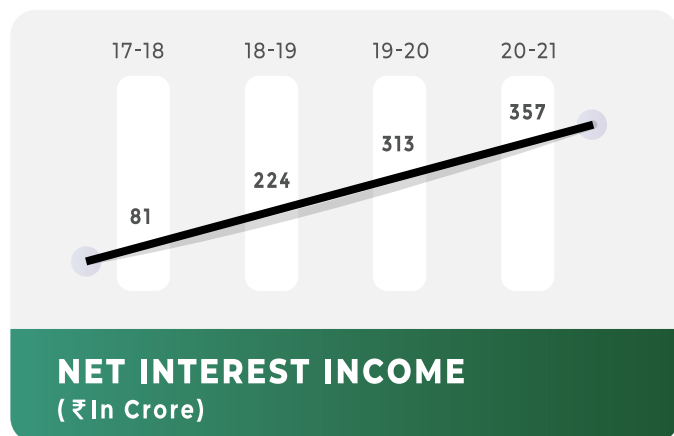
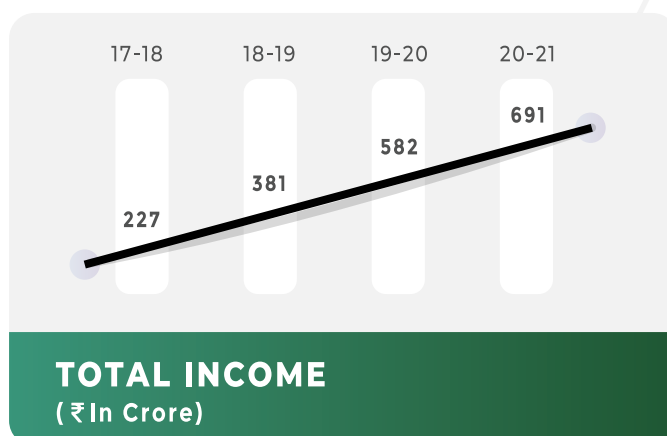
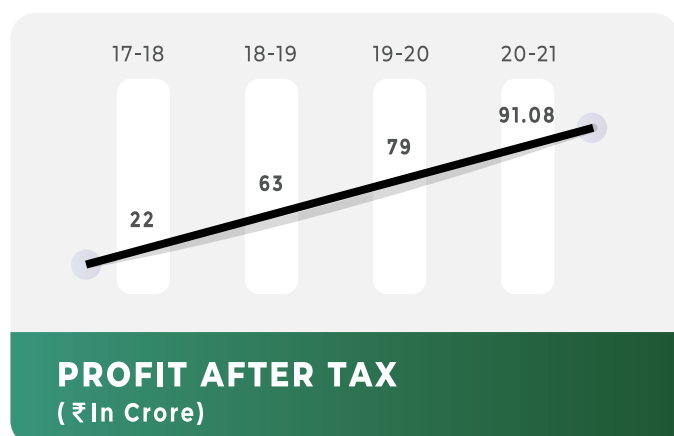
CUSTOMER BASE TOTAL

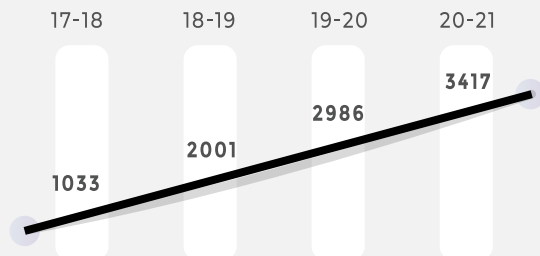
3,417.17

AUM TOTAL

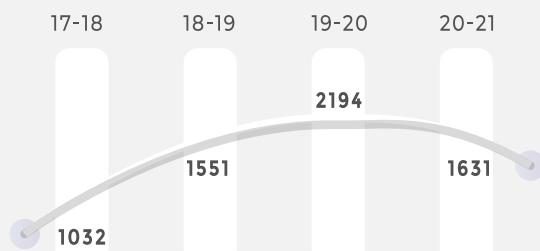


PERFORMANCE Highlights

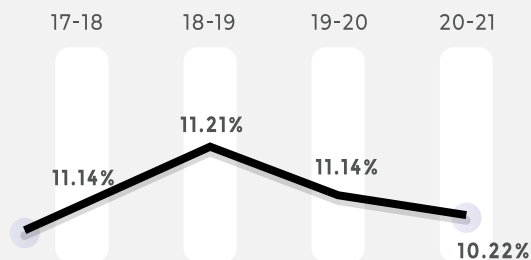




ASSET UNDER MANAGEMENT
(₹ In Crore)



DISBURSEMENTS
(₹ In Crore)



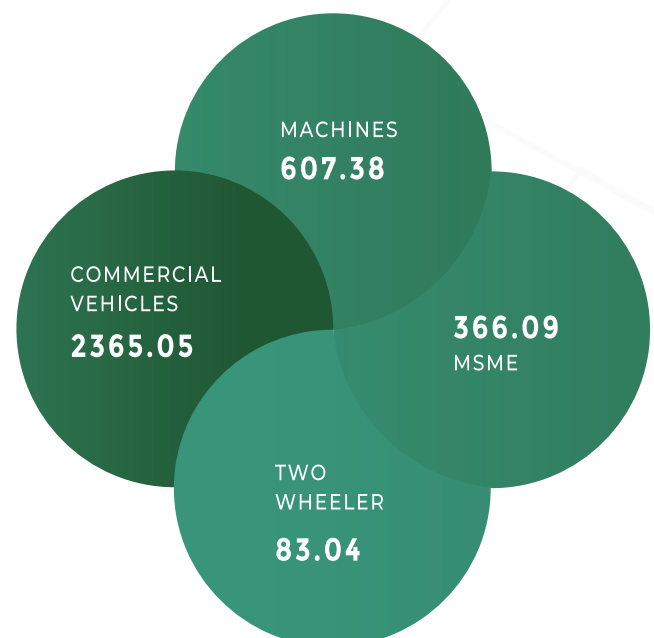
COST OF BORROWING
(₹ In Crore)

3,417.17

AUM TOTAL (₹ IN CRORE)

175,994

CUSTOMER BASE



AUM
(₹ 3417.17 Crores))

- NOTICE -

NOTICE is hereby given that the **27th (Twenty Seventh)** Annual General Meeting ("**AGM/ Meeting**") of the members of Ess Kay Fincorp Limited (**the "Company"**) will be held on Wednesday, 18th August, 2021 at 10:30 A.M. through Video Conferencing or Other Audio Visual Means ("**VC/ OAVM**") to be hosted at Plot No.36, Dhuleshwar Garden, Jaipur- 302001 (Rajasthan) to transact the following business:

ORDINARY BUSINESS:

ITEM NO. 01 - TO ADOPT THE AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2021 TOGETHER WITH THE REPORTS OF THE BOARD OF DIRECTORS AND AUDITORS THEREON.

ITEM NO. 02 - TO APPOINT A DIRECTOR IN PLACE OF MR. RAJENDRA KUMAR SETIA (DIN: 00957374), WHO RETIRES BY ROTATION AND BEING ELIGIBLE, OFFERS HIMSELF FOR RE-APPOINTMENT.

ITEM NO. 03- TO APPOINT M/S S.R. BATLIBOI & ASSOCIATES LLP [FIRM REGISTRATION NUMBER: 101049W/E300004] AS STATUTORY AUDITORS 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 Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 and Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) issued by RBI (including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in force) and in supersession of the resolution passed by the members on 11th September, 2018, M/s S.R. Batliboi & Associates LLP, Chartered Accountants (Firm Registration Number: 101049W/E300004), who have given their eligibility certificate to be appointed as the Statutory Auditors in terms of Section 141 of the Companies Act, 2013 and Guidelines issued by RBI dated 27th April, 2021, be and are hereby appointed as the Statutory Auditors of the Company in place of M/s. B S R & CO. LLP, Chartered Accountants (Firm Registration No. 101248 W/W-100022), to hold office for a period of 3 years from the conclusion of this AGM till the conclusion of 30th AGM to be held in the calendar year 2024, subject to the fulfilment of the eligibility criteria by the Auditors for every year, at a remuneration of

Rs.60,00,000/- (Rupees Sixty Lakhs only) plus applicable taxes and reimbursement of travelling and out of pocket expenses incurred by them for the purpose of audit of FY 2021-22 with the power to the Board of Directors to alter and vary the terms and conditions of appointment, revision including upward revision in the remuneration for the remaining tenure, arising out of increase/change in scope of work, including by reason of necessity on account of such conditions as may be stipulated by the RBI and / or any other authority, in such manner and to such extent as may be mutually agreed with the Auditors.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

SPECIAL BUSINESS:

ITEM NO. 04 - TO INCREASE THE AUTHORIZED SHARE CAPITAL OF THE COMPANY AND CONSEQUENT ALTERATION OF CAPITAL CLAUSE CONTAINED IN THE MEMORANDUM OF ASSOCIATION

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

"RESOLVED THAT pursuant to provisions of Section 13, 61, 64 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Share Capital and Debentures) Rules, 2014 (including any statutory modification(s), amendment(s) or re-enactment(s) thereof for the time being in force) and the enabling provisions of the Articles of Association of the Company, consent of members of the company be and is hereby accorded to increase the authorized share capital of the company from existing Rs.5,75,00,000/- (Rupees Five Crores and Seventy Five Lakhs only) divided into 2,87,50,000 (Two Crores Eighty Seven Lakhs and Fifty Thousand) equity shares of Rs.2/- each to Rs.7,50,00,000/- (Rupees Seven Crores and Fifty Lakhs only) divided into 3,75,00,000 (Three Crores and Seventy Five Lakhs) equity shares of Rs.2/- (Rupees Two only) each by the creation of 87,50,000 (Eighty Seven Lakhs and Fifty Thousand) new equity Shares of the face value of Rs.2/- (Rupees Two only) each ranking pari passu in all respect with the existing shares of the company.

RESOLVED FURTHER THAT the existing Clause V of the Memorandum of Association of the company relating to

Share Capital be and is hereby altered by deleting the same and substituting in place thereof, the following new Clause:

V. The Authorized share capital of the company is Rs.7,50,00,000/- (Rupees Seven Crores and Fifty Lakhs) divided into 3,75,00,000 (Three Crores and Seventy Five Lakhs) equity shares of Rs.2/- (Rupees Two) each.

RESOLVED FURTHER THAT Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as in its absolute discretion it may think necessary, expedient or desirable to give effect to the foregoing resolution and to seek such approval/ consent from the concerned authorities as may be required in this regard."

ITEM NO. 05 - TO REVISE 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, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s), amendment(s) or re-enactment(s) thereof for the time being in force) and provisions of Articles of Association and based on the recommendation of the Board, consent of the Members of the company be and is hereby accorded to revise the remuneration payable to Mr. Rajendra Kumar Setia (DIN: 00957374), Managing Director of the Company w.e.f. 1st April, 2021 for remaining period of the term of his office, as stated below:

Fixed Remuneration:

- Mr. Rajendra Kumar Setia shall be entitled to a fixed remuneration upto a maximum of Rs. 2,00,00,000/- (Rupees Two Crores only) per annum.
- The Board of Directors of the Company on the basis of recommendation of Nomination and Remuneration Committee of the Company shall have the authority to grant such increments to Mr. Rajendra Kumar Setia and/or revise the Salary and/or its components thereof, from time to time during the term of his employment, provided such increment and/or revision is carried out within the Fixed Remuneration Limit.
- Mr. Rajendra Kumar Setia shall be eligible for perquisites, allowances and all other benefits as per HR policy of the Company, as amended from time to time.

Performance Linked Bonus:

- 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, within the overall limits as specified under Section 197 of the Act read with Schedule V to the Companies Act, 2013 (including any statutory modification or re-enactment thereof), after taking into consideration various criteria, including the performance of Mr. Rajendra Kumar Setia and performance of the Company.
- The total Performance Linked Bonus payable to Mr. Rajendra Kumar Setia in a financial year shall not exceed 100% of the Total Fixed Remuneration of such financial year.

RESOLVED FURTHER THAT in the event of inadequacy of profits in any financial year, the remuneration by way of salary, allowances, perquisites, amenities, facilities, incentive and other benefits as aforesaid be paid to Mr. Rajendra Kumar Setia in accordance with Schedule V of the Act and rules made there under and as may be determined by the Board and Nomination and Remuneration committee.

RESOLVED FURTHER THAT the aggregate of the remuneration and perquisites as aforesaid in any financial year shall not exceed the limit from time to time under Section 197, 198 and other applicable provisions of the Act and Rules made there under, read with Schedule V of the said Act or any statutory modification(s) or re-enactment thereof for the time being in force, or otherwise as may be permissible under the law.

RESOLVED FURTHER THAT Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as in its absolute discretion it may think necessary, expedient or desirable to give effect to the foregoing resolution and to seek such approval/ consent from the concerned authorities as may be required in this regard."

ITEM NO. 06 - TO APPROVE CHANGE IN THE NAME OF THE COMPANY

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

"RESOLVED THAT pursuant to the provisions of Section 4, 13, 14, 15 and other applicable provisions the Companies Act, 2013 read with the Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or amendment(s)

thereto or re-enactment(s) thereof for the time being in force) and subject to the approval consents, sanctions and permissions of the Central Government, consent of the Members be and is hereby accorded to change the name of the Company from **"ESS KAY FINCORP LIMITED"** to **"SK FINANCE LIMITED"**.

RESOLVED FURTHER THAT the existing Clause I of the Memorandum of Association of the company relating to Name Clause of the company be and is hereby altered by deleting the same and substituting in place thereof, the following new Clause I:

*I. The Name of the Company is **SK FINANCE LIMITED**.*

RESOLVED FURTHER THAT the existing name of the company **"Ess Kay Fincorp Limited"** wherever appearing in the Memorandum and Articles of Association and any other documents of the company be substituted by the new name **"SK Finance Limited"** or any other name as approved by the Registrar of Companies.

RESOLVED FURTHER THAT Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as in its absolute discretion it may think necessary, expedient or desirable to give effect to the foregoing resolution and to seek such approval/ consent from the concerned authorities as may be required in this regard."

DATE: JULY 14, 2021
PLACE: JAIPUR

BY ORDER OF THE BOARD OF DIRECTORS
FOR ESS KAY FINCORP LIMITED

Sd/-
ANAGHA BANGUR
COMPANY SECRETARY
MEMBERSHIP NO.:F10697

Registered Office:

G 1-2, New Market, KhasaKothi,

Jaipur -302001(Rajasthan)

Website: www.skfin.in • Email: info@skfin.in

NOTES:

1. In view of the prevailing situation requiring social distancing and in terms of the circulars issued by the Ministry of Corporate Affairs (the "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 and MCA Circulars.
2. **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.**
3. Since the AGM will be held through VC / OAVM, the Route Map is not annexed to this Notice.
4. 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.
5. Attendance of Members/Authorized Representatives through video conferencing shall be counted for the purpose of reckoning the quorum under section 103 of the Act.
6. The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 setting out material facts concerning the special business is annexed hereto.
7. Details required pursuant to Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India (ICSI) in respect of re-appointment and revision in remuneration of directors is annexed herewith as **Annexure-I**.

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 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 2020-21 will also be available on the Company's website <https://www.skfin.in/>
 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 shareholders may also post their queries directly on the VC Platform i.e. the **goto** meeting app during the AGM.
 10. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the Members during the continuance of AGM.
 11. All the documents referred to in the Notice and explanatory statement are open for inspection during working hours on all working days till the conclusion of the AGM. Members may request for such documents by sending their requests at secretarial@skfin.in.
 12. 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.
 13. 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:-
 14. 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').
 15. The Members may contact their respective depository participants for making nominations as permitted under Section 72 of the Companies Act, 2013.
 16. **Procedure for attending the AGM through VC/ OAVM:**
 - a) Members can attend the AGM through Video Conferencing on 18th August, 2021 at 10:30 A.M. by clicking on the below mentioned link.
<https://global.gotomeeting.com/join/197533413>
Join from a video-conferencing room or system.
Dial in or type: 67.217.95.2 or inroomlink.goto.com
Meeting ID: 197 533 413
Or dial directly: [197533413@67.217.95.2](tel:197533413) or 67.217.95.2##197533413
 - 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. 18th August, 2021 from 10:15 A.M. (IST) till 10:45 A.M. (IST). The link will be disabled for participation after the said time of 10:45 A.M. (IST).
 - e) Please note that participants connecting from mobile devices or tablets or through laptop, connecting via mobile hotspot may experience audio/video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
 - f) Members who need assistance before or during the meeting, can contact at +91-9358822367 or email at anagha.bangur@skfin.in.
 - g) The VC Platform i.e. the goto meeting app has a facility where the Members attending the meeting can post their questions directly during the proceeding of the meeting.
- DATE: JULY 14, 2021** **BY ORDER OF THE BOARD OF DIRECTORS**
PLACE: JAIPUR **FOR ESS KAY FINCORP LIMITED**

Registrar & Securities Transfer Agent:

KFin Technologies Private Limited
(Erstwhile Karvy Fintech 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

Sd/-
ANAGHA BANGUR
COMPANY SECRETARY
MEMBERSHIP NO.:F10697

Registered Office:

G 1-2, New Market, KhasaKothi,
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 Business mentioned in the Accompanying Notice:

ITEM NO.04

The existing authorized share capital of the company stands at Rs.5,75,00,000/- (Rupees Five Crores Seventy Five Lakhs only) divided into 2,87,50,000 (Two Crores Eighty Seven Lakhs and Fifty Thousand) equity shares of Rs.2/- (Rupees Two only) each.

With a view to augment the long term capital for the business of the company and in order to expand the capital base, it is now proposed to increase the authorised equity share capital to Rs.7,50,00,000/- (Rupees Seven Crores and Fifty Lakhs only) divided into 3,75,00,000 (Three Crores and Seventy Five Lakhs) equity shares of Rs.2/- (Rupees Two only) each by addition of 87,50,000 (Eighty Seven Lakhs and Fifty Thousand) Equity Shares of the face value of Rs.2/- (Rupees Two only) each. The necessary amendment in the Memorandum of Association is proposed to reflect the enhanced Authorised Share Capital.

As per Section 61 and Section 13 of the Companies Act, 2013, the proposed increase in the authorized share capital and the consequent alteration in the Memorandum of Association of the company requires approval of the members at a general meeting.

In view of the above, the Board of Directors of the Company recommends the passing of the resolution set out at Item No. 04 as an Ordinary Resolution.

None of the Directors and Key managerial personnel of the Company including their relatives are, directly/indirectly, interested (financial or otherwise) in the proposed resolution except to the extent of their shareholding in the company.

A copy of the Altered Memorandum of Association of the Company will be available for inspection electronically during working hours on all working days from the date hereof till the conclusion of the AGM.

ITEM NO. 05

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 at their meeting held on 05th May, 2021, the Board of the company, in their meeting held on 05th May, 2021 approved the revision in the remuneration payable to Mr. Rajendra Kumar Setia, Managing Director of the Company, with effect from 1st April 2021, 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 shall remain unaltered.

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-I** 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. 05 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. 05 of the Notice except to the extent of their shareholding in the company.

ITEM NO. 06

Company seeks to change its name 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"** which is registered under Class 36 bearing registration number **2326563**. The said trademark was adopted by the company in the year 1994 and is used openly, continuously, uninterruptedly, extensively and the company is sole registered owner of the aforesaid trade mark. The said trademark has earned incredible reputation and goodwill in the market over the time and company's services are identified by this brand.

In view of the same, the Company had applied for reservation of name with Central Registration Centre (CRC), Manesar and the said name, "SK Finance Limited" was made available by them. The regulator for the company i.e. Reserve Bank of India (RBI) has also issued its no objection certificate for the proposed name change of the company. The required alterations will be made in the Memorandum of Association and Articles of Association after the consent of the members is obtained in the ensuing AGM. The proposed name will not affect any of the rights of the company or of the shareholders/stakeholders of the company.

As per the provisions of Section 4, 13, 14, 15 and any other applicable provisions of the Companies Act, 2013 and the Companies (Incorporation) Rules, 2014 approval of shareholders is required to be accorded for changing the name of the company and consequent alteration in the Memorandum and Articles of Association by way of passing Special Resolution.

In view of the above, the Board of Directors of the Company recommends the passing of the resolution set out at Item No. 06 as a Special Resolution.

None of the Directors and Key managerial personnel of the Company including their relatives are, directly/indirectly, interested (financial or otherwise) in the proposed resolution except to the extent of their shareholding in the company.

DATE: JULY 14, 2021

PLACE: JAIPUR

**BY ORDER OF THE BOARD OF DIRECTORS
FOR ESS KAY FINCORP LIMITED**

**Sd/-
ANAGHA BANGUR
COMPANY SECRETARY
MEMBERSHIP NO.:F10697**

Registered Office:

G 1-2, New Market, KhasaKothi,

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
Date of Birth	01/07/1969
Age	52 years
DIN	00957374
Date of first appointment on the Board	21 st November, 1994
Qualifications	B.Sc. from Rajasthan University
Brief resume including experiences	Mr. Rajendra Kumar Setia, Managing Director of the company, has a wide experience of more than 25 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.
Other Directorships	Nil
Chairpersonship/ membership of Committees in other companies	Nil
Relationship with other Directors/ Key Managerial Personnel of the Company	Spouse of Ms. Shalini Setia (Whole time Director)
No. of equity shares held in the Company	1,14,95,005 shares, out of which 10,17,447 shares are partly paid.
No. of Board meetings attended during the year	7
Terms and conditions of appointment/ re-appointment	N.A.
Remuneration last drawn	Rs.1,50,00,000/- (Rupees One Crore and Fifty Lakhs only) per annum along with other terms as per HR policy.
Remuneration sought to be paid	Rs.2,00,00,000/- (Rupees Two Crores only) per annum along with other terms as mentioned in the resolution above.

- BOARD'S REPORT -

**To,
The Members,
Ess Kay Fincorp Limited**

Your Directors have pleasure in presenting Twenty Seventh Annual Report on the business and operations of Ess Kay Fincorp Limited (hereinafter referred as "the **Company**" or "**Ess Kay**") together with the audited financial statements for the Financial Year ended on March 31, 2021.

1. Financial Performance

The financial performance of the company for Financial Year 2020-21 is summarized here below:

Amount (Rs. in Lakhs)

Particulars	2020-21	2019-20
Total Revenue	69,118.33	58,240.27
Operating Expenses	52,287.51	42,181.40
Provision		
a. For NPA	1,938.07	1,877.69
b. for standard assets	2,551.09	3,630.71
Profit before tax	12,341.65	10550.47
Tax expenses		
a. Current Year	4,295.40	3874.32
b. Earlier Year Taxes	895.34	0.00
c. Deferred Tax	(1,957.50)	(1177.52)
Profit after tax	9,108.41	7853.67
Other comprehensive income/(expenses)	3.40	6.00
Total comprehensive income after tax	9,111.81	7859.67
Appropriation		
a. Dividend	-	-
b. Tax on Dividend	-	-
c. Transfer to statutory reserve	1,821.68	1570.73
Earnings per share		
Basic	36.14	33.00
Diluted	35.80	32.68

Your Company posted total income and net profit of Rs. 69,118.33 lakhs and Rs. 9,108.41 lakh, respectively, for the financial year ended March 31, 2021, as against Rs. 58,240.27 lakhs and Rs. 7,853.67 lakh respectively, in the previous year. The Company is consistently growing and achieved significant growth of 19.05% and 15.98% in the income and profit respectively for the financial year ended March 31, 2021 as compared to previous financial year.

Your company is registered as Systemically Important Non-Deposit taking Non-Banking Financial Company- Company

("NBFC-ND-SI") with Reserve Bank of India ("RBI") and categorized as NBFC- Investment and Credit Company (NBFC-ICC) to carry out its financing activities. The company operates through different product segment viz. Commercial vehicle loan, Agricultural equipment's loan, Car's loan, two wheelers and MSME loans.

The Segment wise disbursement of the Company for Financial Year 2020-21 is summarized here below:

Amount (Rs. in Lakhs)

Particulars	2020-21	2019-20
Commercial vehicle loan	79,971.69	1,27,596.37
Agricultural equipment loan	31,897.43	36,955.50
Car loan	28,261.23	37,297.88
Two wheeler loan	5,664.52	6,083.59
MSME loans	17,290.23	11,409.44
Total	1,63,085.10	2,19,342.77

Lockdown and restrictions imposed on various activities due to the pandemic called for extraordinary changes in the way operations were managed at the Company. Our technological investments and timely and decisive steps towards remote working ensured business continuity even as the pandemic unfolded across locations of our presence and helped the company to achieve the favorable results in comparison with FY 2019-20.

The outlook for FY 2021-22 looks promising especially in the MSME & commercial vehicle segment. Our investment in digital and technology initiatives has enabled us to seamlessly conduct business in an uninterrupted manner even during lockdown periods. Disbursements and physical collections which were impacted during the onset of Covid-19 are back to pre-Covid levels. Further, the co-lending partnerships are expected to create sustainable synergy for the company with the kind of benefits it brings along.

The operation and financial performance of your company has been covered in detail in the Management Discussion and Analysis Report forming part of this Annual Report.

2. Reserves

Since the Company is a Non-Banking Financial Company, the Company proposes to transfer a sum of Rs. 1,821.68 lakhs to statutory reserves out of profits as required under section 45IC of the Reserve Bank of India Act, 1934.

The Company has not proposed any amount to be transferred to General Reserves as an appropriation of profits.

3. Dividend

In order to conserve capital for growth of the Company and to deal with the uncertain economic environment, your directors do not recommend any dividend payment at the ensuing Annual General Meeting ("AGM") to be held on 18th August, 2021.

The unclaimed and unpaid dividend amount on Compulsorily Convertible Preference Shares (which has

been converted into equity shares on March 27, 2017) is Rs.4,796.

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.skfinin/disclosures.php>

4. Operational Highlights

a) 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. Due to Covid-19 pandemic led national lockdown and other mobility restrictions the disbursements in FY 2020-21 aggregated to Rs. 1,63,085.10 lakhs as compared to Rs. 2,19,342.77 lakhs in FY 2019-20.

However, disbursement of business loans (MSME) aggregated Rs. 17,418.47Lakh in FY 2020-21 as compared to Rs. 11,409.44Lakh in FY 2019-20, representing an significant increase of 52.67% over the previous year and Vehicle Loan disbursements of Rs. 1,46,083.40 Lakh constituted out of the overall disbursements for the year.

b) Assets Under Management (AUM)

During the Financial Year 2020-21 the Company crossed Rs. 3400 Crore AUM. The AUM of the Company stood at Rs. 3417 Crores as at March 31, 2021 against Rs. 2986 crores as at March 31, 2020 registering a robust growth of 14.43% on YoY basis.

c) Non-performing Asset(NPA)

Your 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 Rs.

13,835.78 lakhs (4.04 % of the loan assets) and net NPA at Rs.6,507.53 lakhs (1.90 % of the loan assets) as at March 31, 2021 as compared to 4.04% and 2.42% in previous years respectively.

5. 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 are 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. However, the impact of Covid-19 pandemic on operations of the company is summarized as below:

Impact of Covid-19 Pandemic

The second wave of Covid-19 pandemic led to certain restrictions and lockdown in several states including in Rajasthan, which was relaxed in the phased manner depending upon the severity and magnitude of the spread of the pandemic. The relevant Government authorities permitted NBFCs to begin operating in a limited capacity due to which facility of remote working were provided to the employees to avoid any disruptions in the smooth functioning of the company.

Measures taken by the company

Keeping a people-first approach, proactive work from home was initiated for employees and they were equipped with all the required resources and support which enabled them to work from a remote environment, efficiently and effectively. Technological applications and processes were further significantly upgraded so that our offerings to customers could be executed in a timely manner. Consequently, your Company remained fully operational and continued to function seamlessly, serving customers and meeting the needs of stakeholders through these tough time.

All credit facility maturities as well as redemption of other liabilities were met on or before due dates. All borrowers were kept continuously informed about the regulatory developments, especially regarding the grant of moratorium. This was done entirely using digital methods and last mile servicing was done by our employees using telephones and digital communications.

Reserve Bank of India (RBI) Policy Measures

The RBI announced various measures including Moratorium and Restructuring. To ensure liquidity to the tune of 4.7 percent of Indian GDP, it took standard and innovative steps. Its measures ensured Indian corporate bond issuances were

higher by 11% at Rs. 6.8 lac crores. It announced relief measures for MSMEs including new restructuring guidelines to retain loans from banks and NBFCs' to such qualifying MSMEs classified as standard within the regulatory framework. RTGS settlements were allowed on a round the clock basis for all days.

In line with the RBI COVID Regulatory Package, the Company offered a moratorium to its customers on loan instalments basis a Board approved policy. In respect of such borrowers to whom the benefit of asset classification was extended consequent to the moratorium, the Company has made provisions on conservative basis for expected credit loss.

6. Capital Structure

• Authorized Share Capital

The existing authorized share capital of the Company is Rs. 5,75,00,000/- (Rupees Five Crore Seventy Five Lakhs) divided into 2,87,50,000 (Two Crores Eighty Seven Lakhs Fifty Thousand) equity shares of Rs. 2/- each.

The Board of Directors of the company has recommended to increase the authorized share capital of the company from Rs. 5,75,00,000/- (Rupees Five Crore Seventy Five Lakhs) divided into 2,87,50,000 (Two Crores Eighty Seven Lakhs Fifty Thousand) equity shares of Rs. 2/- (Rupees Two only) each to Rs.7,50,00,000/- (Rupees Seven Crores and Fifty Lakhs only) divided into 3,75,00,000 (Three Crores and Seventy Five Lakhs) equity shares of Rs.2/- (Rupees Two only) each by addition of 87,50,000 (Eighty Seven Lakhs and Fifty Thousand) Equity Shares of the face value of Rs.2/- (Rupees Two only) each subject to approval of shareholders in the ensuing AGM to be held on 18th August, 2021.

• Issued, Subscribed and paid up Share Capital:

During the year, your Company has issued equity shares under its ESOP scheme and through private placement. The details of which are provided below:

Date of issue & allotment	Method of allotment	Issue price (in Rs.)	No. of equity shares allotted	number of shares or securities allotted to the promoter group	Nature of shares
27 th July, 2020	Shares were issued to employees under the Employees Stock Option Scheme	249.53	3,750	NA	Fully paid up
31 st March, 2021	Shares were issued to the promoter of the company through private placement	725.59	10,17,447	10,17,447 partly paid shares were issued to Mr. Rajendra Kumar Setia, the promoter of the Company.	Partly-paid shares

Post allotment of equity shares as aforesaid, the issued and subscribed equity share capital of the company as on March 31, 2021 stood at Rs. 5,24,32,072/- (Rupees Five Crore Twenty Four Lakh Thirty Two Thousand and Seventy Two Only) consisting of 2,62,16,036 (Two Crore Sixty Two Lakh Sixteen Thousand and Thirty Six) Equity shares of Rs. 2/- each.

The paid-up equity share capital of the company as on March 31, 2021 stood at Rs. 5,21,77,710.25/- (Rupees Five Crore Twenty One Lakh Seventy Seven Thousand Seven Hundred Ten and Twenty Five Paise Only) consisting of 2,62,16,036 (Two Crore Sixty Two Lakh Sixteen Thousand and Thirty Six) Equity shares of Rs. 2/- each.

A brief profile of Private Equity partners:

Norwest Venture Partners X - Mauritius: Norwest Venture Partners is a global, multi-stage investment firm that manages approximately \$10 billion in capital and has funded more than 600 companies since inception which is focused on Technology, Information Services, Business Services, Financial Services, Consumer Products/Services and Healthcare. Equity Investments are in line of \$20 Mn to \$100 Mn.

Evolve Invest I and Evolve India Fund III Ltd. are the first independent India-focused hybrid private equity fund with aggregate capital commitments of USD 250 million. EIF II is a USD 300 Mn India-dedicated hybrid private equity fund, with a strategy of investing in private equity 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. EIF II is backed by Abu Dhabi Investments.

Texas Pacific Group (TPG) holding equity shares in the company through its entity TPG Growth IV SF Pte Limited, incubated in a family office in United State in 1992 headquartered in Fort Worth and San Francisco, TPG now has over \$84 billion under management with investment and operational teams in 16 offices around the world.

TPG has invested in more than 400 companies and built a diverse set of asset classes, including private equity, growth equity, public equity, credit, and real estate. Additionally TPG has a long history and established track record in India that spans large buyouts, growth equity, and impact investing.

Baring Private Equity India AIF is a category III AIF. Its 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.

Karma Holdings Mauritius Limited: Karma Holdings Mauritius Limited is incorporated as a private company limited by shares under the laws of Mauritius, licensed as a Global Business Category 1 License from 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

7. Capital Adequacy

Capital adequacy (CRAR) as at March 31, 2021 under Ind-AS stood at 27.67% which is well above the minimum regulatory norms for non-deposit accepting NBFCs. Out of the above, Tier I capital adequacy ratio stood at 26.99% and Tier II capital adequacy ratio stood at 0.68%, respectively.

8. 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 has not reported any changes in the credit ratings. The following Credit ratings were assigned to the Company as on March 31, 2021.

Name of Credit Rating Agency	Facility	31 st March, 2021	31 st March, 2020
CARE Ratings Ltd.	Non-Convertible Debentures	CARE A; Stable	CARE A; Stable
	Market Linked Non-Convertible Debentures	CARE PP-MLD A/Stable	CARE PP-MLD A/Stable
	Bank Loan Facility	CARE A; Stable	CARE A; Stable
	Subordinated Bonds	CARE A; Stable	CARE A; Stable
CRISIL Limited	Non-Convertible Debentures	CRISIL A; Stable	CRISIL A; Stable
	Market Linked Non-Convertible Debentures	CRISIL PP-MLD Ar/Stable	CRISIL PP-MLD Ar/Stable
	Structured Non-Convertible Debentures	CRISIL AA;(CE) Stable	Not Applicable
	Bank Loan Facility	CRISIL A; Stable	CRISIL A; Stable
ICRA Limited	Market Linked Non-Convertible Debentures	PP-MLD-ICRA AA+(CE)	Not Applicable
	Structured Non-Convertible Debentures	ICRA AA+ (CE) Stable	Not Applicable
Brickwork Ratings India Pvt. Ltd. (BWR)	Bank Loan Facilities	BWR A	BWR A
	Non-Convertible Debentures	BWR A	BWR A

All of the above ratings indicate a high degree of safety with regard to timely payment of interest and principal.

9. Resource Mix

• Borrowings

The Company has diversified funding sources from Public Sector Banks, Private Sector Banks, Financial Institutions etc.

No interest payment or principal repayment of the Term Loans and Non-Convertible Debentures was due and unpaid as on March 31, 2021. The assets of the Company which are

available by way of security are sufficient to discharge the claims of the banks and debenture holders as and when they become due.

Funds were raised in line with Company's Resource Planning Policy through Term Loans, External Commercial Borrowing, Non-Convertible Debentures (NCDs), Principal Protected Market Linked Debentures (PP-MLDs) and Subordinated term loans. The details of funds raised during the year are as below:

S.No.	Borrowings/ Security type	Credit Rating	Amount Raised (Rs. in Lakhs)
1	Term Loans from Banks and Financial Institutions	CRISIL A CARE A BWR A	1,46,464.27
2	Secured Redeemable Non-Convertible Debentures	CRISIL A CARE A BWR A	78,850.00
3	Secured Redeemable Principal Protected Market Linked Debentures	CRISIL PP-MLD Ar ICRA AA+(CE)	22980.00
4	Unsecured Redeemable Non-Convertible Debentures	CRISIL A CARE A (Tier-II)	0.00

• Debentures

The brief detail of Non-convertible debentures issued during the year 2020-21 is mentioned as under:

Sr. No.	ISIN	Date of Issue	Date of Allotment	Issue by way of	Secured/ Unsecured	Listed/ Unlisted	No of Debentures	Maturity date	Issue Price	Amount (In Lakh)
1	INE124N07374	26.05.2020	02.06.2020	Private Placement	Secured	Listed	500	02.06.2023	10,00,000	5000
2	INE124N07382	05.06.2020	08.06.2020	Private Placement	Secured	Listed	100	08.06.2023	10,00,000	1000
3	INE124N07390	11.06.2020	12.06.2020	Private Placement	Secured	Listed	400	12.06.2025	5,00,000	2000
4	INE124N07408	12.06.2020	16.06.2020	Private Placement	Secured	Listed	500	16.06.2023	10,00,000	5000
5	INE124N07416	12.06.2020	18.06.2020	Private Placement	Secured	Listed	250	18.06.2023	10,00,000	2500
6	INE124N07424	12.06.2020	22.06.2020	Private Placement	Secured	Listed	250	22.06.2023	10,00,000	2500
7	INE124N07432	23.06.2020	26.06.2020	Private Placement	Secured	Listed	500	26.12.2021	10,00,000	5000
8	INE124N07440	26.06.2020	02.07.2020	Private Placement	Secured	Listed	100	02.07.2023	10,00,000	1000
9	INE124N07457	06.07.2020	13.07.2020	Private Placement	Secured	Listed	750	21.04.2023	10,00,000	7500
10	INE124N07465	13.08.2020	17.08.2020	Private Placement	Secured	Listed	250	17.02.2022	10,00,000	2500
11	INE124N07473	21.09.2020	29.09.2020	Private Placement	Secured	Listed	700	29.09.2026	10,00,000	7000
12	INE124N07481	23.10.2020	28.10.2020	Private Placement	Secured	Listed	5390	30.01.2023	1,00,000	5390
13	INE124N07499	05.11.2020	10.11.2020	Private Placement	Secured	Listed	600	10.05.2022	10,00,000	6000
14	INE124N07507	12.11.2020	19.11.2020	Private Placement	Secured	Listed	1500	19.11.2024	10,00,000	15000
15	INE124N07515	10.12.2020	17.12.2020	Private Placement	Secured	Listed	250	17.06.2022	10,00,000	2500
16	INE124N07523	22.01.2021	28.01.2021	Private Placement	Secured	Listed	1018	28.07.2024	5,00,000	5090
17	INE124N07531	17.02.2021	25.02.2021	Private Placement	Secured	Listed	870	25.11.2023	5,00,000	4350
18	INE124N07549	02.03.2021	09.03.2021	Private Placement	Secured	Listed	12500	09.03.2026	10,00,000	12500
19	INE124N07556	23.03.2021	31.03.2021	Private Placement	Secured	Listed	1000	02.04.2024	10,00,000	1000
Total							27428			101830

The interest payable on all the NCDs and MLDs is either annually or quarterly or monthly or on maturity and no interest was due and unpaid as on March 31, 2021. The Company has not received any grievances from the debt security holders. 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.

The Debt securities of the company are listed on Wholesale Debt Market (WDM) segment of the BSE Limited and equity shares of the company are not listed.

• Securitization/ Assignment:

During the year 2020-21, your Company assigned /securitized its loan portfolio having principle value of Rs.36,793.44 Lakhs of which Rs. 31,523.32 Lakhs were securitized through PTC mode in 5 tranches and Rs. 5,270.12 Lakhs was assigned /securitized in DA mode in 1 tranche.

• Issue of warrants

Pursuant to Restated and Amended Shareholders' Agreement dated November 15, 2019 executed by and between the Company, TPG Growth IV SF Pte. Ltd., Norwest Venture Partners X- Mauritius, Evolve India Fund III Ltd., Karma Holdings Mauritius Limited, Baring Private Equity India AIF, and Evolve Coinvest I and Mr. Rajendra Kumar Setia, which was further amended by the letter agreement dated August 21, 2020 ("SHA") and the Promoter Subscription Agreement dated November 16, 2019 executed by and between Mr. Rajendra Kumar Setia and the Company, Mr. Rajendra Kumar Setia, promoter of the company was entitled to call upon the Company to issue warrants at the price and within the timelines prescribed in the above mentioned agreements, which would upon conversion entitle the promoter to receive equal number of equity shares.

Mr. Rajendra Kumar Setia, vide his letter dated 27th March, 2021, has shown his willingness to waive off his right to exercise the above mentioned Additional Promoter Instruments pursuant to which Mr. Rajendra Kumar Setia, will have no surviving or outstanding right under the above mentioned Agreements or the Articles of Association ("AOA") to receive any Additional Promoter Instruments.

Further, The Company has not issued any warrants during the year 2020-21.

• Debt to Equity Ratio

As on March 31, 2021, the debt to equity ratio of the Company stood at 3.47 against March 31, 2020 which stood at 2.99.

10. Network Expansion (Branches)

Your Company further expanded its geographical presence by reaching out to semi urban areas and increased its footprint by opening new branches and making it more accessible to its customers. The Company strengthened its presence across the 7 states with a network of 345 offices. List of branches are stated in this Annual Report.

11. Human Resources

Your Company believes that people perform to the best of their capability in organizations to which they feel truly associated. Your Company focuses on widening organizational capabilities and improving organizational effectiveness by having a competent and engaged workforce. Our people are our partners in progress and employee empowerment has been critical in driving our organization's growth to the next level.

Your Company has a work environment that inspires people to do their best and encourages an ecosystem of teamwork, continuous learning and work-life balance. In an increasingly competitive market for talent, Your Company continues to focus on attracting and retaining the right talent.

The Company had 5,176 permanent employees on the rolls of the Company as at March 31, 2021.

12. Directors and Key Managerial Personnel (KMP)

Members of the Company's Board are eminent persons of proven competence and integrity. Besides experience, strong financial acumen, strategic astuteness and leadership qualities, they have a significant degree of commitment to the Company and devote adequate time to meetings and preparation.

• Retirement by Rotation

In accordance with the provisions of Section 152(6) of the Companies Act, 2013 read with the rules made thereunder, Ms. Shalini Setia (DIN: 02817624) was re-appointed as director retire by rotation at the 26th Annual general Meeting (AGM) of the Company.

Further, in terms of Section 152 of the Companies Act, 2013 read with the rules made thereunder and the Articles of Association of the Company, Mr. Rajendra Kumar Setia (DIN: 00957374) Managing Director, whose tenure in the office is the longest, retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment. In opinion of your Directors, Mr. Rajendra Kumar Setia has requisite qualification and experience and therefore, your Directors' recommend his reappointment in the ensuing Annual General Meeting.

• Resignation

During the year under review, the following cessations took place:

1. Mr. Gaurav Trehan (DIN: 03467781), was appointed as Nominee Director on the Board of Directors on behalf of TPG Growth IV Sf Pte Ltd (TPG) on 31st October, 2018. TPG had withdrawn its nomination w.e.f 22nd May, 2020. Consequently, the Board of Directors had taken note of the aforesaid withdrawal of the nomination.
2. Mr. Munish Dayal (DIN: 01683836), was appointed as Nominee Director on the Board of Directors on behalf of Baring Private Equity India AIF (Barings) on 26th February, 2018. The Barings has withdrawn its nomination of Mr. Munish Dayal w.e.f 09th November, 2020. Consequently, the Board of Directors have taken note of the aforesaid withdrawal of the nomination.

Your directors placed on record their sincere appreciation for the invaluable advice, guidance and support provided to the Board and the Management team by Mr. Gaurav Trehan and Mr. Munish Dayal.

• Appointment

During the year under review, the following appointments took place:

1. TPG Growth IV Sf Pte Ltd had nominated Mr. Akshay Tanna (DIN: 02967021) for appointment as Nominee Director of the Company on its behalf. Accordingly, on the recommendations of the Nomination and Remuneration Committee ("NRC"), the Board of Directors of the Company appointed Mr. Akshay Tanna as Additional Director (Nominee) of the Company w.e.f 03rd June, 2020 till the conclusion of 26th Annual General Meeting ("AGM") of the company. Mr. Akshay Tanna was further appointed as Nominee Director in the 26th AGM of the company held on 24th September, 2020.

The other terms and conditions of appointment of Mr. Akshay Tanna are governed by the Restated and Amended Shareholders' Agreement dated 21st November, 2019 entered into by the Company, Mr. Rajendra Kumar Setia, TPG Growth IV SF PTE. Ltd., Norwest Venture Partners X – Mauritius, Karma Holdings Mauritius Limited, Baring Private Equity India AIF, Evolve Coinvest I and Evolve India Fund III Ltd.

2. Baring Private Equity India AIF has nominated Ms. Debanshi Basu (DIN: 07135074) for appointment as Nominee Director of the Company on its behalf. Accordingly, on the recommendations of the Nomination and Remuneration Committee ("NRC"), the Board of Directors of the Company have appointed Ms. Debanshi Basu as Nominee Director, liable to retire by rotation, of the Company w.e.f 09th November, 2020.

The other terms and conditions of appointment of Ms. Debanshi Basu are governed by the Restated and Amended Shareholders' Agreement dated 21st November, 2019 entered into by the Company, Mr. Rajendra Kumar Setia, TPG Growth IV SF PTE. Ltd., Norwest Venture Partners X – Mauritius, Karma Holdings Mauritius Limited, Baring Private Equity India AIF, Evolve Coinvest I and Evolve India Fund III Ltd.

3. Mr. Amar Lal Daultani (DIN: 05228156) who was appointed as an Independent director of the company for a period of 5 years with effect from 01st April, 2016 to 31st March, 2021. On the basis of recommendation of the NRC and the Board of the company and pursuant to the provisions of Section 149 and 152 of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules, 2014, the Members of the Company has reappointed Mr. Amar Lal Daultani as the Independent Director of the Company, not liable to retire by rotation to hold office for a second term of five consecutive years commencing from 01st April, 2021 to

31st March, 2026 in 03/2020-21 Extra Ordinary General Meeting of the company held on 30th March, 2021.

Further, Mr. Amar Lal Daultani has a vast experience in retail banking, Credit and other General Banking Operations and his association with the company will further strengthen the Board and the company.

• **Key Managerial Personnel**

During the financial year 2020-21, there was no change in the Key Managerial Personnel of the Company.

• **Declaration by Independent Directors**

The Independent Directors have confirmed that they satisfy the criteria prescribed for Independent Directors as stipulated in the provisions of Section 149(6) of the Companies Act, 2013. 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). The Company has received declaration of independence from all the Independent Directors of the Company. There has been no change in the circumstances affecting their status as independent directors of the Company.

All the Directors of the Company have affirmed compliance with the Code of Conduct of the Company. The Declaration of the same is provided in the Corporate Governance Report. All the directors of the Company have also confirmed that they satisfy the fit and proper criteria as prescribed under the applicable RBI Directions and that they are not disqualified from being appointed as directors in terms of Section 164(2) of the Companies Act, 2013.

13. Number of Board Meetings during the financial year 2020-21

The Board meets at regular intervals to discuss and decide on Company/business policy and strategy, apart from other Board business.

The Board of Directors met 8 times during the year under review i.e. on 22nd April, 2020, 03rd June, 2020 adjourned to 16th June, 2020, 12th August, 2020, 24th September, 2020, 05th November, 2020, 10th February, 2021, 30th March 2021 and 31st March, 2021. Frequency and quorum at these meeting and the intervening gap between any two meetings were in conformity with the provisions of the Act, and Secretarial Standards issued by The Institute of Company Secretaries of India ("Secretarial Standards"). For further details, please refer report on Corporate Governance annexed to this report as **Annexure-V**.

14. Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular no. SEBI/HO/CFD/CMD/CIR/P/2017/004 dated January 05, 2017, the Board of Directors has carried out an annual performance evaluation of its own performance, the Directors individually including Independent Directors based out of the criteria and framework adopted by the Board. The Board approved the evaluation results as collated by the Nomination and Remuneration Committee ("NRC"). The evaluation process, manner and performance criteria for Independent Directors in which the evaluation has been carried out is explained in the Corporate Governance Report.

During the year under review, a separate meeting of independent directors was held on 10th February, 2021, without the attendance of Non-Independent Directors and the Management of the Company to review the performance of Non-Independent Directors and the Board as a whole, after assessing the quality, quantity and timeliness of flow of information between the Management and the Board which is necessary for the Board to effectively and reasonably perform its duties. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report forming part of this report as **Annexure-V**.

15. Committees of the Board

As on March 31, 2021, the Board has 7 Committees, namely, Audit Committee, Nomination and Remuneration Committee, Asset-Liability Management Committee, Corporate Social Responsibility Committee, Risk Management Committee, Executive Committee and IT Strategy Committee.

During the year under review, all recommendations made by the committees were accepted by the Board of Directors.

Details of all the Committees along with their composition, terms of reference and meetings held during the year and attendance thereat are provided in 'Report on Corporate Governance' forming part of the Annual Report as **Annexure-V**.

16. 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.

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.

17. Statutory Auditors

Pursuant to the provisions of Sections 139 & 141 of the Companies Act, 2013 and Rules made thereunder, the members in their 24th Annual General Meeting had appointed M/s B S R & Co. LLP, Chartered Accountants, Mumbai (Membership Number: 101248W/W-100022), as Statutory Auditors of the Company, for a period of five years i.e. till the conclusion of the 29th Annual General Meeting to be held in year 2023.

Further, the Auditors' Report "with an unmodified opinion", given by the Statutory Auditors on the Financial Statements of the Company for FY 2020-21, is disclosed in the Financial Statements of the Company. There has been no qualification, reservation, adverse remark or disclaimer given by the Statutory Auditor in their Report for the year under review.

Reserve Bank of India (RBI) has 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) will be rotated out as Statutory Auditor of the Company since they have completed 3 years of the audit tenure.

Accordingly, Board of Directors in their meeting held on 14th July, 2021, after considering and endorsing the recommendation of Audit committee, have recommended to appoint, M/s S. R. BATLIBOI & Associates LLP, Chartered Accountants, Gurugram (ICAI Firm Registration No.

301003E/E300005) as the Statutory Auditor of the Company, for a period of three years starting from FY 2021-22 till FY 2023-24, subject to approval of shareholders of the company in the ensuing Annual General Meeting of the Company. M/s S. R. BATLIBOI & Associates LLP, Chartered Accountants, Gurugram have confirmed that they are not disqualified to be appointed as Statutory Auditor of the company and have provided their eligibility letter in terms of the aforesaid RBI circular.

18. Secretarial Auditor

Pursuant to the provisions of section 204 of the Companies Act, 2013 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 ended 2020-21.

Your Directors are pleased to inform that there was no qualification, reservation or adverse remark or disclaimer in the audit report for the financial year 2020-21. The Secretarial Audit Report in form MR-3 is annexed herewith which forms part of this report and marked as **Annexure-I**.

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 2021-22.

19. Internal Auditors

As part of its efforts to evaluate the effectiveness of the internal control systems, your Company's internal audit department supported by independent Internal Auditor who evaluates the adequacy of control measures on a periodic basis and recommends improvements, wherever appropriate. The Internal Audit team plays a vital role in continuously monitoring the effectiveness of the Standard Operating Procedures and makes extensive use of software and analytical tools which enables effective offsite or remote auditing. A robust process ensures that the Internal Audit team regularly updates its skills and knowledge base in order to analyse, assess, mitigate and monitor the controls and guard against inadequacies that could pose a threat to the company's strategic objectives. Systematic identification of risks on a proactive basis enables quick decision making on strengthening and redesigning the controls where required, through agile audit plans.

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 2020-21.

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.

20. Reporting of Frauds By Auditors

During the period under review, the statutory auditors and the secretarial auditors 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.

21. Vigil Mechanism/Whistle Blower Policy

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of its business operations. To maintain these standards, the Company has implemented the Whistle Blower Policy, to provide an avenue for Directors employees to report matters without the risk of subsequent victimization, discrimination or disadvantage. 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. The Policy is available on the website of the Company at <http://www.skfin.in/disclosures.php>

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 were reviewed by the Audit Committee on a yearly basis.

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

22. Disclosures pursuant to the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013

Your company has in place a Policy for prevention of Sexual Harassment, in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013 and rules made thereunder. An Internal Complaints Committee (ICC) has been set up to redress complaints. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The following is a summary of sexual harassment complaints received and disposed off during the year 2020-21:

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

23. Related Party Transactions

Pursuant to the provisions of the Companies Act, 2013 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 are placed before the Audit Committee and subsequently before the Board of Directors for approval and placed for review on quarterly basis. All the related party transactions that were entered during the financial year are done on arm's length basis. Transactions with related parties, as per the requirements of Ind-AS, are disclosed in the note no. 40 of notes to accounts annexed to the financial statements. The Members are requested to refer this note.

Pursuant to the provisions of Section 134(3)(h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014, particulars of the contracts or arrangements with related parties referred to in section 188(1) in Form AOC-2 is annexed as **Annexure II**.

24. Corporate Governance

Ess Kay 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 constantly striving to better them and adopt the best practices. The report on corporate governance forms integral part of this Annual Report as **Annexure V**.

25. Particulars of Loans, Guarantees Or Investments

Pursuant to section 186(11) of the Act, the provisions related to loans made, guarantees given and securities provided do not apply to the Company.

As regards to investments made by the Company, the details of the same are provided in notes to the financial statements of the Company for the year ended March 31, 2021 (note 8).

26. Energy conservation, technology absorption and foreign exchange earnings and outgo

A. Conservation of Energy:

- The steps taken or impact on conservation of energy:
The operations of the Company, being a 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 prescribed below.
- 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
 - Shutting off all lights, when not in use;
 - Education and awareness programs for employees.
- 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

- The efforts made towards technology absorption:
 - Robust Business Continuity Framework & Implementation of Secure remote access solution has enabled employees to safely work from home with no impact to business operations. Technology teams worked round the clock to ensure systems and Business Applications are working without any interruption.
 - Strengthened its Information and Cyber Security posture and other risk measures to mitigate potential threats,
 - Anti-Phishing solution implemented to protect users from phishing attacks.
 - Next Generation Antivirus is implemented to enhance the end point security and server protection from Malwares.
 - In the time of Covid-19 Pandemic, the company moved towards digitalization of all HR related function through the Adrenalin Max and the company is providing complete HRMS services to its employees through the app.
- The benefit derived like product improvement, cost reduction, product development or import substitution:

The Company uses the enhanced information technology in disbursement which results in quicker loan turnaround time and reduction in transaction costs.

iii. In Case of imported technology:

- The details of technology imported: Not Applicable
- The year of import: Not Applicable
- Whether the technology has been fully absorbed: Not Applicable
- 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 2020-21	FY 2019-20
1	Foreign exchange earnings	NIL	NIL
2	Foreign exchange expenditures	NIL	NIL

27. Deposits

Being a non-deposit taking Company, your 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 and shall not accept deposits from public without obtaining prior approval from the RBI.

28. RBI Guidelines

Reserve Bank of India (RBI) granted the Certificate of Registration to the Company on October 16, 1998 vide Registration No. B-10.00080, to commence the business of a non-banking financial institution without accepting deposits.

Your Company continues to comply with the applicable regulations and guidelines of the RBI as applicable to a Systemically Important Non Deposit Taking Non-Banking Financial Company ("NBFC-ND-SI-AFC") categorized as NBFC- Investment and Credit Company (NBFC-ICC). As a prudent practice, your company makes accelerated provisioning for Non-performing Assets (NPAs) than that required by the RBI for NBFCs. The Company has submitted returns with RBI on timely basis.

During the year under review, there were no frauds reported by the Company in terms of Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016, as amended from time to time.

29. Risk Management

Risk Management at your Company includes risk identification, risk assessment, risk measurement and risk mitigation 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 such as:

- Credit Risk including Credit Concentration Risk
- Interest Rate Risk,
- Business/Strategic Risk,
- Liquidity Risk,
- Operational Risk,
- Compliance Risk, etc.

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. On the recommendation of the RMC, the Company has adopted a Risk Management policy. The Policy outlines the parameters of identification, assessment, monitoring and mitigation of various risks which are key to the business performance.

The details of the Risk Management Framework and issues related thereto have been explained in the Management Discussion and Analysis Report, which is provided as an **Annexure VI** to this report.

30. Internal Financial Control Systems and Their Adequacy

Your Company's internal control system is designed to ensure operational efficiency, compliance with laws and regulations and accuracy and promptness in financial reporting. The internal control system is supported by an

internal audit process for reviewing the design, adequacy and effectiveness of the Company's internal controls, including its systems, processes and procedures to ensure compliance with regulatory directives. Internal Audit Reports are discussed with the Management and are reviewed by the Audit Committee of the Board, which also reviews the adequacy and effectiveness of the internal controls in the Company. Your Company's internal control system is commensurate with its size and the nature of its operations. The statutory auditors of the Company have also certified on the existence and operating effectiveness of the internal financial controls relating to financial reporting as of March 31, 2021.

31. Technology Initiatives

The Company remains committed to investing in technology to provide a competitive edge and contribute in business that is scalable. Digital and analytics continue to be the key focus areas to bring in agility, availability and relevance. Data and Cyber Security is also considered as a paramount importance for the organisation.

Our Loan Origination System (LOS) provides the Mobility solution which reduces our TAT for lead generation. The mobile enabled system provides our team to capture and fill in details without any location constraint with real time sync up with system. All of our field executives are now equipped with the mobility solution. Through this app they can initiate the loan application, upload support documents digitally, generate customer credit score and take initial decision on the case merits. Post this they can also perform Field Investigation via same solution and also can see the real time status of loan application.

Multiple Straight through processing (STP) are undertaken in LOS system, which have reduced our TAT and increased the efficiency. This has resulted in reducing our efforts significantly. Key highlights taken during the year:

- Virtual SME Branch is a reality now with our 10 intelligent mobility solution.
- New HRMS implementation managing Employee's complete life cycle management.
- Customer service Chatbot implemented on Web as well as WhatsApp platform.
- Integration of our payment system and loan management system with Bharat Bill Pay Service (BBPS).
- Implementation of digital IVR system managing personalized Calls, SMS and WhatsApp to our customers.
- NACH transformation resulting in 90% first time right (FTR) NACH activation from past 60%.

- ERP solution as Microsoft's Dynamics NAV implementation.
- Auto approval of files without any manual intervention.

Your company is now moving towards making dream of "Digital India" a reality. We have integrated our payment system and loan management system with Bharat Bill Pay Service (BBPS) enabling customers to make their payments digitally at their ease along with 24*7 option. This have enabled us to bring in services in user friendly manner without adding any extra application to their eco-system.

As the company continues to expand its geographic reach and enhance the scale of operations, it intends to further develop and integrate technology to support growth and improve service quality

32. Corporate Social Responsibility Initiatives

Your Company has always responded in a responsible manner to the growing needs of the communities in which it operates. During the year, your Company has, in consonance with the CSR policy of the Company, undertaken a number of initiatives that contribute to society at large, in the areas of health, education and environment.

The company has CSR Committee for monitoring CSR activities and programs. The Annual report on CSR Activities undertaken by the Company for the Financial Year 2020-21 is provided as **Annexure III** to this report.

The Company's Corporate Social Responsibility Policy has been hosted on the website of the Company at <http://www.skfin.in/disclosures.php>

33. Management Discussion and Analysis Report

A detailed analysis of the Company's performance is discussed in the Management Discussion and Analysis Report, which forms part of this Report and marked as **Annexure VI**.

34. Annual Return

Pursuant to the provisions of Section 134(3)(a) and Section 92(3) of the Companies Act, 2013, read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the Annual Return of the Company at March 31, 2021 is available on the website of the Company at <http://www.skfin.in/disclosures.php>

35. Employee Remuneration

The disclosure containing particulars of employees pursuant to the provisions of section 197 of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed herewith which forms part of this report as **Annexure-IV**.

36. Transfer of unclaimed / unpaid amounts to the 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, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). Accordingly, during the year under review, the company has deposited the amount remaining unpaid relating to the Financial year 2012-13 and necessary filings has been completed before the relevant

authorities. The details of which are provided on the website of the company at <https://www.skfin.in/disclosures.php>

37. Compliance with Secretarial Standards

The Company has complied with all the applicable provisions of secretarial standards issued by the Institute of Company Secretaries of India (ICS).

38. Details of Employee Stock Options

Details of Employees' Stock Option Scheme pursuant to the provisions of Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 for the year ended March 31, 2021:

Details	ESOP Plan-I	ESOP Plan-II
Options granted during the year	-	25,000
Options vested	-	-
Options exercised	3,750	-
Total number of shares arising as a result of exercise of option	-	-
Options lapsed	24,250	-
Variation in terms of options;	No variation except exercise price provided below	No variation except exercise price provided below
Exercise price (in Rs.)	249.35	596.29
Money realised by exercise of options (in `)	9,35,062.50	-
Total number of options in force as at March 31, 2021	3,51,250	51,500

Employee-wise details of options granted to:

a) Key Managerial Personnel:

Sr. No.	Name of Key Managerial Personnel as at March 31, 2020	ESOP Plan-I		ESOP Plan-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: None
- 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

39. Cost Records

The Central Government has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Companies Act, 2013 for any of the services rendered by the Company. Accordingly, the maintenance of cost record is not applicable.

40. 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

There are 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.

41. Directors' Responsibility Statement

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

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the Directors have 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;
- 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;
- the Directors have prepared the annual accounts on a going concern basis;
- 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; and
- 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.

42. Acknowledgement

Your Directors place on record their sincere appreciation for the assistance and guidance provided by the Reserve Bank of India, the Ministry of Corporate Affairs, the Securities and Exchange Board of India, government and other regulatory Authorities, stock exchanges, other statutory bodies, Company's bankers, Members and employees of the Company for the assistance, cooperation and encouragement and continued support extended to the Company.

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.

PLACE: JAIPUR FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
DATE: JULY 14, 2021 FOR ESS KAY FINCORP LIMITED

Sd/-
RAJENDRA KUMAR SETIA
MANAGING DIRECTOR
DIN: 009 57374

Sd/-
SHALINI SETIA
WHOLE-TIME DIRECTOR
DIN: 028176 24

Registered Office:
G 1-2, New Market, Khasa Kothi,
Jaipur - 302001 (Rajasthan)
Website: www.skfin.in Email: info@skfin.in

Form No. MR-3

- SECRETARIAL AUDIT REPORT -

FOR THE FINANCIAL YEAR ENDED March 31, 2021

*[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,
Ess Kay Fincorp Limited
G 1-2, New Market, KhasaKothi
Jaipur- 302001 (Rajasthan)

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **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, 2021 ('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, 2021 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under 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; **(Not applicable to the Company during the Audit Period)**
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) 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;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the Audit Period)**
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **(Not applicable to the Company during the Audit Period)**
 - (i) 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 carried 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 director(s) 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 Rs. 4,500 Crores (Rupees Four 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;
- (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 Rs. 3,000 Crore (Rupees Three Thousand Crore only) on a private placement basis in one or more tranches and/or series;
- (c) Issued and allotted 10,17,447 (Ten Lakh Seventeen Thousand Four Hundred and Forty-Seven Only) partly paid-up equity shares aggregating to Rs. 73,82,49,368.73/- (Rupees Seventy-Three Crores Eighty-Two Lakhs Forty-Nine Thousand Three Hundred Sixty Eight and Seventy Three Paise Only) on private placement basis;
- (d) Issued and allotted 27,428 (Twenty-Seven Thousand Four Hundred and Twenty-Eight Only) Non-Convertible Debentures aggregating to Rs. 1018,30,00,000/- (Rupees One Thousand Eighteen Crores and Thirty Lakhs Only) on private placement basis in multiple tranches;

- (e) Allotted 3,750 (Three Thousand Seven Hundred and Fifty Only) equity shares upon exercise of options by its eligible employees under its Employee Stock Option Scheme/ Plan 2018;
- (f) Altered the provisions of Articles of Association of the Company;
- (g) Redeemed NCDs amounting to Rs. 750,00,00,000/- (Rupees Seven Hundred and Fifty Crores Only) prior to its maturity;
- (h) Raised funds through External Commercial Borrowings amounting USD 25 Million equivalent to Rs. 183,82,50,000/- (Rupees One Hundred Eighty-Three Crore Eighty-Two Lakhs Fifty Thousand only) in one or more tranches;

- (i) Application under Section 211 has been compounded by the Hon'ble Regional Director, North-Western Region, Ahmedabad on deposit of requisite amount of compounding fees. Further, the application of compounding under Section 297 of the Companies Act, 1956 was disposed of, being pending with Hon'ble Court at Jaipur.

Place: Jaipur
Date: May 05, 2021

For V. M. & Associates
Company Secretaries
UDIN: F003355C000243012
(ICSI Unique Code P1984RJ039200)
PR 581 / 2019

Sd/-
CS Manoj Maheshwari
Partner
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,
Ess Kay Fincorp Limited
G 1-2, New Market, KhasaKothi
Jaipur- 302 001 (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 05, 2021

For V. M. & Associates
Company Secretaries
UDIN: F003355C000243012
(ICSI Unique Code P1984RJ039200)
PR 581 / 2019

Sd/-
CS Manoj Maheshwari
Partner
FCS 3355
C P No.: 1971

ANNEXURE- II

- FORM NO. AOC-2 -

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis: Nil

- (a) Name(s) of the related party and nature of relationship: N.A
(b) Nature of contracts/arrangements/transactions: N.A
(c) Duration of the contracts/arrangements/transactions:

N.A

- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: N.A
(e) Justification for entering into such contracts or arrangements or transactions: N.A
(f) Date(s) of approval by the Board: N.A
(g) Amount paid as advances, if any: N.A
(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188: N.A

2. Details of material contracts or arrangement or transactions at arm's length basis

S No.	Name(s) of Related Party and Nature of Relationship	Nature of contracts/arrangements/transactions	Duration of the contracts/arrangements/transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board, if any	Amount paid as advances, if any
	(a)	(b)	(c)	(d)	(e)	(f)
1.	Shubham Leasing & Finance Co.- Brother of Mr. Rajendra Kumar Setia (Managing Director) is Proprietor	Availing or rendering of Services - Acting as Commission Agent	3 years	Shubham Leasing is sourcing agent for the company. The company will remit variable commission to Shubham Leasing against the loans originated by them. The company will not provide any support staff for operation and collection to Shubham Leasing. Ceiling Limit for Availing or rendering of service -Rs. 25 Lakhs per annum.	11/02/2020	Nil
2.	Mr. Raj Kumar Setia- Brother of Mr. Rajendra Kumar Setia (Managing Director)	Appointment at office or place of profit- Appointed as SME portfolio zonal in-charge	Regular	Appointed as SME portfolio zonal in-charge on payout of upto Rs. 40 Lakhs per annum, 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. Increase in the payout to upto Rs.1 Crore per annum. All other terms remain the same.	26/11/2019 10/02/2021	Nil

S No.	Name(s) of Related Party and Nature of Relationship	Nature of contracts/arrangements/transactions	Duration of the contracts/arrangements/transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board, if any	Amount paid as advances, if any
3.	Infrasoft Technologies Limited Ms. Debanshi Basu, Nominee Director w.e.f 09/11/2020, is a Director (Prior to 09/11/2020, Mr. MunishDayal, Nominee Director, was a Director)	Availing or rendering of Services - Service Provider for IT Services	3 Years	Infrasoft Technologies Limited (Infrasoft Tech) provides services related to Information Technology and NexGen solutions as well. Ceiling Limit for Availing or rendering of service: upto Rs. 25 lakhs per annum.	16/06/2020	Nil
4.	Mr. Sameer Arora Brother of Ms. Shalini Setia (Whole Time Director)	Appointment at office or place of profit-Appointed as Senior VP	Regular	Appointed as Head North Zone on payout not exceeding Rs. 1 Crore per annum, 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.	03/05/2019	Nil
5.	Mr. Sanjiv Arora Brother of Ms. Shalini Setia (Whole Time Director)	Appointment at office or place of profit-Appointed as Yard Manager	Regular	Appointed as Manager- Infra at a payout of Rs.9.60 Lakhs 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.	03/05/2019	Nil
				Increase in the payout to upto Rs.13,00,000/- per annum. All other terms remain the same.	10/02/2021	
6.	Mr. Yash Setia Son of Mr. Rajendra Kumar Setia (Managing Director) and Ms. Shalini Setia (Whole time director)	Appointment at office or place of profit-Appointed as Strategy Head	Regular	Appointed as Strategic Head at a payout not exceeding Rs. 15 Lakhs per annum, 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.	03/05/2019	Nil

S No.	Name(s) of Related Party and Nature of Relationship	Nature of contracts/arrangements/transactions	Duration of the contracts/arrangements/transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board, if any	Amount paid as advances, if any
7.	Ms. Shalini Setia Whole time Director	Rent	9 years and 11 months	Lease agreement between company and Ms. Shalini Setia for a consideration of Rs. 2.5 Lakhs per month plus GST and other applicable Taxes with escalation of 5% per annum. Payout for 2020-21: Rs. 34,45,310/-	06/02/2018	Nil

PLACE: JAIPUR
DATE: JULY 14, 2021

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
FOR ESS KAY FINCORP LIMITED

Sd/-
RAJENDRA KUMAR SETIA
MANAGING DIRECTOR
DIN: 00957374

Sd/-
SHALINI SETIA
WHOLE-TIME DIRECTOR
DIN: 02817624

Registered Office:
G 1-2, New Market, Khasa Kothi,
Jaipur -302001(Rajasthan)
Website: www.skfin.in Email: info@skfin.in

ANNEXURE-III

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Annual Report on Corporate Social Responsibility (CSR) Activities

[Pursuant to clause (o) of sub-section (3) of section 134 of the Companies Act, 2013 ("Act") and Annexure II of the Companies (Corporate Social Responsibility Policy) Rules, 2014]

1. Brief outline on the 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. Our aim is to contribute towards holistic development of host communities and create social, environmental and economic value to the Society.

The Company's CSR policy is committed towards CSR activities as envisaged within the broad framework of Schedule VII of the Act with acute focus on healthcare and education.

Further, your company has formed a trust under the name of "ESS KAY FOUNDATION" which is the brand for the company's social initiatives. The object of the trust is to make the requisite efforts for upliftment of society and to ensure that the company is focused on creating a long-term impact for the beneficiaries. In addition to this, your company also partners with other NGOs for implementing its CSR initiatives.

During F.Y. 2020-21, your company has, with the support and guidance of its partnered institutions undertaken various activities in the sectors of:

- Health Care:** Our goal is to render quality health care facilities which we provide by way of undertaking preventive healthcare programs by way of including but not limited to setting various camps and related infrastructure services, providing sanitation and making available safe drinking water, etc.
- Hunger and Poverty:** We empathize with the vulnerable strata of the society and wish to provide them with nutrition, clothing, water and food. We stand by promoting activities that provide relief to the poor.
- Animal welfare:** We strive to care for the stray, abandoned Indian cows, bulls, retired oxen, and orphaned calves by providing them with food and fodder, proper shelter and also looking after their healthcare.
- Road Safety:** We are committed on spreading awareness on traffic guidelines with the aim of reducing the risk of road traffic injuries.
- Environment Sustainability:** We understand 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. The Composition of the 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, 2021 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	Chairman, Managing Director	1	1
2	Mr. Amar Lal Daultani	Member, Independent Director	1	1
3	Mr. Anand Raghavan	Member, Independent Director	1	1
4	Mr. Akshay Tanna	Member, Nominee Director	1	1

During the year, Mr. Akshay Tanna was appointed as a member of the committee in place of Mr. Gaurav Trehan with effect from 03rd June, 2020.

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

Details of the Composition of CSR Committee, CSR policy are available on the website of the company at the web link: <http://www.skfin.in/disclosures.php>

List of projects/ programmes approved by the company are available on the web link: <https://www.skfin.in/csr.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 Rs)	Amount required to be set-off for the financial year (in Rs)
1	2019-20	69,928	-

6. Average net profit of the company as per section 135(5): Rs.94,81,45,260

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: NA

7. (a) Two percent of average net profit of the company as per section 135(5): Rs.1,89,62,905

(c) Amount required to be set off for the financial year, if any: NA

(d) Total CSR obligation for the financial year (7a+7b-7c): Rs.1,89,62,905

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

Total Amount Spent for the Financial Year (in Rs.)	Amount Unspent (in Rs.)				
	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
1,90,12,905	Nil	NA	NA	NA	NA

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

(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 Rs.)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
							Name	CSR registration number
1.	Spreading awareness and providing relief against COVID-19	Promotion of health care, including preventive health care	Yes	Jaipur, Rajasthan	2,81,568	Yes and Implementing Agency	Satguru Sai Foundation and Sarva Mangal Sewa Samiti	
2.	Autism Care for children	Promotion of health care, including preventive health care	Yes	Jaipur, Rajasthan	90,280	Yes	NA	NA

(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 Rs.)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
							Name	CSR registration number
3.	Food Campaign	Eradicating hunger, poverty and malnutrition	Yes	Jaipur, Rajasthan	2,00,000	No	Bhaskar Foundation	
4.	Traffic awareness	Promoting education and livelihood enhancement projects	Yes	Jaipur, Rajasthan	7,69,234	Yes	NA	NA
5.	Ess Kay Foundation	Various activities under Schedule VII	Yes	Jaipur, Rajasthan	1,76,71,823	No	Ess Kay Foundation	CSR00004367
Total					1,90,12,905			

(d) Amount spent in Administrative Overheads: Nil

(f) Total amount spent for the Financial Year

(e) Amount spent on Impact Assessment: Not Applicable

(8b+8c+8d+8e): Rs. 1,90,12,905

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

Sl. No.	Particulars	Amount (in Rs.)
1	Two percent of average net profit of the company as per section 135(5)	1,89,62,905
2	Total amount spent for the Financial Year	1,90,12,905
3	Excess amount spent for the financial year [(ii) -(i)]	50,000
4	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
5	Amount available for set off in succeeding financial years [(iii) -(iv)]	50,000

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

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.)	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 Rs.)
				Name of the Fund	Amount (in Rs.)	Date of transfer	
Not Applicable							

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

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 Rs.)	Amount spent on the project in the reporting Financial Year (in Rs.)	Cumulative amount spent at the end of reporting Financial Year (in Rs.)	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

- a) Date of creation or acquisition of the capital asset(s): Not Applicable
- 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): Nil

PLACE: JAIPUR FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
DATE: JULY 14, 2021 FOR ESS KAY FINCORP LIMITED

Sd/-
RAJENDRA KUMAR SETIA
CHAIRMAN- CSR COMMITTEE
DIN: 009 57374

Sd/-
SHALINI SETIA
WHOLE TIME DIRECTOR
DIN: 028176 24

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

ANNEXURE -IV

- DISCLOSURES ON MANAGERIAL REMUNERATION -

(Pursuant to Section 197(12) read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

a. Ratio of the Remuneration of each director to the median employees' remuneration (times) for FY 2020-21:

Name	Designation	Remuneration of Directors' to median employees' remuneration (times)
Mr. Rajendra Kumar Setia	Managing Director	105 times
Ms. Shalini Setia	Whole Time Director	5.5 times

b. Percentage increase in the remuneration of each director and key managerial personnel in FY 2020-21 is given below.

Name	Designation	Increase in Remuneration
Mr. Rajendra Kumar Setia	Managing Director	54.54%
Ms. Shalini Setia	Whole Time Director	Nil
Ms. Anagha Bangur	Company Secretary	Nil
Mr. Atul Arora	CFO	Nil

c. The percentage increase in the median remuneration of employees in FY 2020-21 stood at 6.01%. Median has been calculated taking remuneration of employees on comparable basis and has been calculated on annualised basis considering the employees as on year end.

d. No of permanent employees on the rolls of the Company : 5176

e. Average percentile increase already made in salaries of employees other than managerial personnel in last financial year and its comparison with the percentile increase in managerial remuneration.

The average increase in the remuneration of all employees other than key managerial personnel was 7.47% for the FY 2020-21. The average increase in remuneration of the Key managerial personnel was 37.80%.

The average increase in the remuneration of both, the managerial and non-managerial personnel was determined based on the overall performance of the Company.

The increase in average percentile remuneration of employees other than managerial personnel is due to increase in employees at middle & junior positions and on the basis of individual performance while the remuneration

of the managerial personnel is based on the remuneration policy as recommended by the Nomination & Remuneration Committee and approved by the board of directors. There were no exceptional circumstances which warranted an increase in managerial remuneration which was not justified by the overall performance of the Company.

f. Affirmation that the remuneration is as per the remuneration policy of the company.

The Company affirms that the remuneration is as per the remuneration policy of the Company.

PLACE: JAIPUR FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
DATE: JULY 14, 2021 FOR ESS KAY FINC ORP LIMITED

Sd/-
RAJENDRA KUMAR SETIA
MANAGING DIRECTOR
DIN: 009 57374

Sd/-
SHALINI SETIA
WHOLE-TIME DIRECTOR
DIN: 028176 24

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

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 organisation. 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. Every effort is made to follow best practices in all the functional areas and in discharging the Company's responsibilities towards all stakeholders and the community. 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/disclosures.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 ("RBI Master Direction").

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 and Category

The Company has a judicious 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. As on the date of this report, 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. The brief profiles of the directors can be accessed at <https://www.skfin.in/board-of-directors.php>. The composition of the Board is in conformity with the provisions of the Companies Act, 2013 and rules made thereunder, as amended from time to time. None of the Directors hold directorships in more than 20 Companies or 10 public companies across all Companies in which they serve as Directors.

All the Independent Directors have confirmed their independence in accordance with Section 149 of the Act. 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 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, 2021 in the company:

Name of Directors	Number of held in the Company	No. of Directorships in other companies	Committee positions held in other companies	Category of Directorship and names of the listed entities where person is a director
Promoter & Executive Directors				
Mr. Rajendra Kumar Setia (DIN: 00957374) Managing Director	1,13,44,994	NIL	NIL	NIL
Ms. Shalini Setia (DIN: 02817624)	650	NIL	NIL	NIL

Name of Directors	Number of held in the Company	No. of Directorships in other companies	Committee positions held in other companies	Category of Directorship and names of the listed entities where person is a director
Whole-Time Director				
Non-Executive Directors				
Mr. Amar Lal Daultani (DIN: 05228156) Independent Director	Nil	2	1(Member)	NIL
Mr. Anand Raghavan (DIN: 00243485) Independent Director	Nil	3	2(Chairperson)	Five-Star Business Finance Limited (Non-Executive Director)
Ms. Debanshi Basu (DIN:07135074) Nominee Director representing Baring Private Equity India AIF (Equity Investor)	Nil	1	NIL	NIL
Mr. Akshay Tanna (DIN: 02967021) Nominee Director representing TPG Growth IV SF PTE. Ltd (Equity Investor)	Nil	10	1(Member)	Dodla Dairy Limited (Nominee Director)

Notes:

- 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.
 - Audit Committee and Stakeholder Relationship Committee have been considered for chairmanship/ membership of directors.
 - Mr. Rajendra Kumar Setia holds 1,13,44,994 equity shares on 31st March, 2021 out of which 10,17,447 are partly paid equity shares.
- During the year under review, the following changes took place in the composition of the Board:
- Mr. Gaurav Trehan's nomination was withdrawn by TPG Growth IV SF PTE. Ltd. with effect from 22nd May, 2020. Mr. Akshay Tanna was appointed as the Additional Director (Nominee) of the company representing TPG Growth IV SF PTE. Ltd with effect from 03rd June, 2020. Thereafter, the members approved the appointment of Mr. Akshay Tanna as the Nominee director of the company on 24th September, 2020.
 - Mr. Munish Dayal's nomination was withdrawn by Baring Private Equity India AIF and Ms. Debanshi Basu was appointed as Nominee Director in his place with effect from 09th November, 2020.
 - Mr. Amar Lal Daultani was re-appointed as the Independent director of the company for a second term of 5 years with effect from 01st April, 2021 till 31st March, 2026 by the members of the company.

Meetings and Attendance

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 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 by passing resolution(s) through circulation, as permitted by law, which is noted in the subsequent meeting. The Board generally meets 4 times during the year. Additional Board meetings are convened to address the Company's specific needs. During the year the Board met **8 times** on 22nd April, 2020, 3rd June, 2020 (Adjourned Meeting held on 16th June, 2020), 12th August, 2020, 24th September, 2020, 05th November, 2020, 10th February, 2021, 30th March, 2021 and 31st March, 2021. In view of COVID-19 pandemic and to adhere to the lockdown and social distancing norms, all the meetings were held through video-conferencing mode in line with the relaxations granted by MCA and SEBI. The necessary quorum was present for all the meetings.

A detailed Agenda, setting out the business to be transacted at the Meeting(s), supported by detailed Notes and Presentations is sent to each Director at least seven days before 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. 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, recruitment and remuneration of directors and key managerial personnel, approval of half-yearly/annual results, transactions with

related parties, and effectiveness of the internal controls and audit procedures.

The status of attendance of each Director at Board Meetings and the last Annual General Meeting (AGM) held on 24th September, 2020 is given below:

Name of Director	Attendance	
	Board Meeting	Last AGM
Mr. Rajendra Kumar Setia	7	Yes
Ms. Shalini Setia	2	No
Mr. Amar Lal Daultani	8	Yes
Mr. Anand Raghavan	8	Yes
Mr. Munish Dayal (Till 09 th November, 2020)	5	No
Ms. Debanshi Basu (With effect from 09 th November, 2020)	3	No
Mr. Akshay Tanna (With effect from 03 rd June, 2020)	7	No
Mr. Gaurav Trehan (Till 22 nd May, 2020)	1	No

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.	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	Understanding of Business/ Industry	✓	✓	✓	✓	✓	✓
2	Strategy and Strategic planning	✓	✓	✓	✓	✓	✓
3	Critical and innovative thoughts	✓	✓	✓	✓	✓	✓
4	Financial understanding	✓	✓	✓	✓	✓	✓
5	Market Understanding	✓	✓	✓	✓	✓	✓
6	Risk and compliance oversight	✓	✓	✓	✓	✓	✓

Meeting of Independent Directors

As per the requirement of Schedule IV of the Act, all the Independent Directors met on 10th February, 2021 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 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, Succession planning, Board meetings and procedures, Strategy formulation and execution 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.

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. As on 31st March 2021, the company has 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. Asset-Liability Management Committee; and
7. Executive Committee

The terms of reference of the aforesaid Committees is decided by the Board in line with the applicable laws. Minutes of the Committee meetings are placed before the Board for noting. During the year under review, all the Committee meetings except Meetings of the Executive Committee were held through video conferencing. The role and composition including the number of meetings and attendance are discussed below.

AUDIT COMMITTEE

The Audit Committee is constituted in line with the provisions of Section 177 of the Act and RBI guidelines. All the Members of the Committee are financially literate and majority of the Members including the Chairperson possess financial management expertise.

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 independence and performance, and effectiveness of audit process;
- examination of financial statements and auditor's report thereon;
- oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

- approval or any subsequent modification of transactions of the company with related parties;
- scrutiny of inter-corporate loans and investments;
- evaluation of internal financial controls and risk management systems;
- monitoring the end use of funds raised and related matters;
- reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- discussion with internal auditors of any significant findings and follow up thereon;
- discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- reviewing the functioning of the whistle blower mechanism.

Composition and Attendance

All members of the Committee are non-executive directors, with independent members forming majority and are financially literate as required under the provisions of the Act. The Committee met **4 times** on 03rd June, 2020 (Adjourned Meeting on 16th June, 2020), 12th August, 2020, 04th November, 2020 and 10th February, 2021. The necessary quorum was present for all the meetings. The Board has accepted all the recommendations made by the Audit Committee during the year. 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 composition of the committee and attendance of the members of the committee are given below:

Name of the Director	Category	Designation in the Committee	No. of Meetings which Director is entitled to attend	
			Held	Attended
Mr. Anand Raghavan	NED/ID	Chairman	4	4
Mr. Amar Lal Daultani	NED/ID	Member	4	4
Mr. Munish Dayal	NED/Nominee Director	Member	4	3
Ms. Debanshi Basu	NED/Nominee Director	Member	4	1

NED: Non-Executive Director, ID: Independent Director

During the year, Ms. Debanshi Basu was appointed as a member of the committee in place of Mr. Munish Dayal with effect from 09th November, 2020.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee (NRC) has been constituted by the Board as per the requirements of the provisions of Section 178 of the Act and RBI guidelines. The Board has adopted a Nomination and Remuneration policy which deals with the manner of selection of directors and their remuneration. The policy is uploaded on the company's website at the web link <https://www.skfin.in/disclosures.php>

Terms of reference

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

- Recommending appointment/ removal of the directors;
- Carry out evaluation of performance of all the directors of the Company;
- Review overall compensation policy and framework of the Company;
- Examine and ensure 'fit and proper' status of the directors of the Company;
- Formulate criteria for performance evaluation of the Board, its committees and all the directors of the company;

- Reviewing the succession plans for the company;
- Approve allotment of shares pursuant to exercise of Stock Option Plans;
- Approve framework and broad policy in respect of all employees for increments;
- Recommend remuneration packages for the following:
 - a. Key Managerial Personnel Management including the structure, design and short and long term incentives / bonus;
 - b. Sitting Fees and other expenses payable to Independent Directors of the Company.

Composition and Attendance

All members are non-executive directors out of which not less than one-half are independent directors. The Nomination and Remuneration Committee met **3 times** during the year on 03rd June, 2020, 05th November, 2020 and 10th February, 2021. The necessary quorum was present for all the meetings. The composition and attendance details of the members of the Nomination and Remuneration Committee are given below:

Name of the Director	Category	Designation in the Committee	No. of Meetings which Director is entitled to attend	
			Held	Attended
Mr. Anand Raghavan	NED/ ID	Chairman	3	3
Mr. Amar Lal Daultani	NED/ ID	Member	3	3
Mr. Munish Dayal	NED/Nominee Director	Member	3	2
Ms. Debanshi Basu	NED/ Nominee Director	Member	3	1

NED: Non-Executive Director, ID: Independent Director

During the year, Ms. Debanshi Basu was appointed as a member of the committee in place of Mr. Munish Dayal with effect from 09th November, 2020.

Performance Evaluation

Pursuant to the provisions of the Act, 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. As a part of performance evaluation process, each director evaluates other Board members, the overall Board as well as the functioning of the committees of the Board in which they are members.

Accordingly, the Board has carried out the annual performance evaluation of its own performance, of individual Directors and that of its Committees. The Independent directors were also evaluated by the entire Board excluding the director being evaluated.

The Nomination and Remuneration Committee has carried out evaluation of every director's performance. Also, 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;
- Commitment (including guidance provided to senior management outside of Board/ Committee meetings);
- Effective deployment of knowledge and expertise;
- Updated knowledge/ information pertaining to business of the company;
- Effective management of relationship with stakeholders;
- Integrity and maintaining of confidentiality;
- Independence of behaviour and judgment;
- Impact and influence;
- Ability to contribute to and monitor corporate governance practice; and
- Adherence to the code of conduct for independent directors

Remuneration of Directors

- a) **Executive Directors:** Remuneration paid to the Executive Directors is in line with the Act 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 by the shareholders at the General Meeting.
- b) **Non-Executive Directors:** The Company is being benefited from the expertise, advise 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 Board has approved the following structure for determining the fees to be paid to the Non-Executive directors.

Type of Meeting	Remuneration (Sitting Fees)
Board Meeting	60,000 per meeting
Audit Committee Meeting	36,000 per meeting
Other Committee Meeting	24,000 per meeting

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 Mr. Munish Dayal, who is a director in Infrasoftware Technologies Limited, that provides services related to Information Technology and NexGen Solutions. Further, Ms. Debanshi Basu was appointed as a Nominee Director in place of Mr. Munish Dayal with effect from 09th November, 2020. She also holds directorship in Infrasoftware Technologies Limited.

The details of the remuneration paid to the Directors during the Financial Year ended 31st March, 2021 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>.

RISK MANAGEMENT COMMITTEE

The company has constituted Risk Management committee in accordance with RBI guidelines. The object of Risk Management Committee is to frame, implement and monitor the risk management plans for the Company including identification therein of elements of risks if any, which may adversely impact the existence and functioning of the Company. The Board of Directors on the recommendation of the Risk Management Committee has approved the Risk Management Policy for the Company in accordance with the provisions of the Act.

Terms of reference

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

- Recommend to the Board, implement and maintain a sound system of risk oversight, management and internal control which identifies, assesses, manages and monitors risk and allows investors and other stakeholders to be informed of material changes to the Company's risk profile;
- Assessment of the Company's risk profile and key areas of risk in particular;
- Recommending to the Board and adopting risk assessment and rating procedures;
- Examining and determining the sufficiency of the Company's internal processes for reporting on and managing key risk areas;

Composition and Attendance

The Risk Management Committee met **2 times** during the year on 2nd June, 2020 and 04th November, 2020. The necessary quorum was present for all the meetings. The composition and attendance details of the members of the Risk Management committee are given below:

Name of the Director	Category	Designation in the committee	No. of Meetings which Director is entitled to attend	
			Held	Attended
Mr. Rajendra Kumar Setia	Executive Director	Chairman	2	2
Ms. Shalini Setia	Executive Director	Member	2	0
Mr. Amar Lal Daultani	NED/ID	Member	2	2
Mr. Gaurav Trehan	NED/Nominee Director	Member	2	0
Mr. Akshay Tanna	NED/Nominee Director	Member	2	1

NED: Non-Executive Director, ID: Independent Director

During the year, Mr. Akshay Tanna was appointed as a member of the committee in place of Mr. Gaurav Trehan with effect from 03rd June, 2020.

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The Board has constituted a CSR Committee in accordance with Section 135 of the Act and rules made thereunder. The detailed report on CSR activities is attached as **Annual Report on CSR** at **Annexure III** to this annual report.

Terms of reference

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

- Formulation and ensuring compliance of CSR Policy;
- Reviewing the various proposals of CSR programs / projects as submitted by CSR department of the Company and if thought fit, approving them, provided that the same is within the framework of CSR Policy;
- Identification and appointment of various Eligible agencies / entities for execution of Corporate Social Responsibility programs or projects of the Company;

- Fix the schedule of implementation of CSR projects and programs and supervise and review the same;
- Reviewing the annual budget for the Company's corporate social responsibility activities to confirm that sufficient funding is provided;
- Reporting regularly to the Board with respect to such matters as are relevant to the Committee's discharge of its responsibility

Composition and Attendance

The CSR Committee met **once** during the year on 03rd June, 2020 (Adjourned Meeting held on 16th June, 2020) to discharge its functions. The necessary quorum was present for all the meetings. The composition and attendance details of the members of the CSR Committee are given below:

Name of the Director	Category	Designation in the Committee	No. of Meetings which Director is entitled to attend	
			Held	Attended
Mr. Rajendra Kumar Setia	Executive Director	Chairman	1	1
Mr. Amar Lal Daultani	NED/ID	Member	1	1
Mr. Anand Raghavan	NED/ID	Member	1	1
Mr. Gaurav Trehan	NED/Nominee Director	Member	1	0
Mr. Akshay Tanna	NED/Nominee Director	Member	1	1

NED: Non-Executive Director, ID: Independent Director

During the year, Mr. Akshay Tanna was appointed as a member of the committee in place of Mr. Gaurav Trehan with effect from 03rd June, 2020.

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 RBI. 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. The company has ensured due adherence to the requirements of this framework in letter and spirit.

Terms of reference

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

- Approving IT strategy and policy documents;
- 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

Composition and Attendance

The IT Strategy Committee met **3 times** during the year on 02nd June, 2020, 04th November, 2020 and 10th February, 2021 to discharge its functions. The necessary quorum was present for all the meetings. The composition and attendance details of the members of the Committee are given below:

Name of the Director	Category	Designation in the Committee	No. of Meetings which Director is entitled to attend	
			Held	Attended
Mr. Amar Lal Daultani	NED/ ID	Chairman	3	3
Mr. Anand Raghavan	NED/ ID	Member	3	3
Mr. Gaurav Trehan	NED/Nominee Director	Member	3	0
Mr. Pratit Vijayvergiya	Chief Technology Officer	Member	3	3
Mr. Gajendra Kumar	Chief Information Officer	Member	3	0
Mr. Akshay Tanna	NED/Nominee Director	Member	3	2

NED: Non-Executive Director, ID: Independent Director

During the year, Mr. Akshay Tanna was appointed as a member of the committee in place of Mr. Gaurav Trehan with effect from 03rd June, 2020.

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.

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;
- Devising future plans to raise funds;
- Assessing the resource mix and borrowing composition;
- 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;
- Review reports on liquidity risk management and liquidity position;
- Review the treatment of the investment portfolio

Composition and Attendance

The Asset-Liability Management Committee met **4 times** during the year on 02nd June, 2020, 12th August, 2020, 04th November, 2020 and 10th February, 2021 to discharge its functions. The necessary quorum was present for all the meetings. The composition and attendance details of the members of the Asset-Liability Management Committee are given below:

Name of the Director	Category	Designation in the Committee	No. of Meetings which Director is entitled to attend	
			Held	Attended
Mr. Rajendra Kumar Setia	Executive Director	Chairman	4	4
Ms. Shalini Setia	Executive Director	Member	4	1
Mr. Anand Raghavan	NED/ ID	Member	4	4
Mr. Gaurav Trehan	NED/ Nominee Director	Member	4	0
Mr. Akshay Tanna	NED/ Nominee Director	Member	4	3

NED: Non-Executive Director, ID: Independent Director

During the year, Mr. Akshay Tanna was appointed as a member of the committee in place of Mr. Gaurav Trehan with effect from 03rd June, 2020.

EXECUTIVE COMMITTEE

Executive Committee is a Board delegated committee that deals with matters which require fast decision making. The Committee monitors resource mobilisation 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, with the authority to delegate such power to any person or persons. Such decisions are further noted at a duly convened Board meeting.

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.

Composition and Attendance

The Committee meets regularly to discharge its functions. The Committee met **53 times** during the year. The necessary quorum was present for all the meetings. The composition and attendance details of the members of the Committee are given below:

Name of the Director	Category	Designation in the Committee	No. of Meetings which Director is entitled to attend	
			Held	Attended
Mr. Rajendra Kumar Setia	Executive Director	Chairman	53	47
Ms. Shalini Setia	Executive Director	Member	53	48
Mr. Atul Arora	Chief Financial Officer	Member	53	53
Mr. Vivek Haripal Singh	Head- Treasury	Member	53	53

4. GENERAL BODY MEETINGS

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

Financial Year	AGM	Date & Time	Venue	Special Resolutions passed
2020-21	26 th 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 26 th AGM.
2019-20	25 th AGM	June 15, 2019 at 12:30 p.m.	G-1&2, New Market, Khasa Kothi Circle, Jaipur-302001 (Rajasthan)	a) To authorize Board to borrow money in excess of paid up capital, free reserves and securities premium of the company from Rs. 2500 Crores to Rs. 3250 Crores u/s 180(1) (c) of the Companies Act, 2013; b) To authorize the Board to sell, securitise, 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; c) To authorize board for issuance of non-convertible debentures, in one or more tranches for one year; d) To approve the revision in remuneration of Mr. Rajendra Kumar Setia as Managing Director.
2018-19	24 th AGM	September 11, 2018 at 12:30 p.m.	202 (Conference Hall) Second Floor, Adarsh Plaza, Khasa Kothi Circle, Jaipur-302001 (Rajasthan)	a) Approval for Ess Kay Employee Stock Option Plan 2018 and grant of Employee Stock Options to the employees of the company

b) Details of the Extra-ordinary General Meetings (EOGM) held during the year and Special resolutions passed thereat

Financial Year	EOGM	Date & Time	Venue	Resolutions passed at the meeting
2020-21	01/2020-21	May 21, 2020 at 04:00 p.m.	Through Video conferencing hosted at Plot No. 36, Dhuleshwar Garden, Jaipur	a) To Authorize The Board To Borrow Money In Excess Of Paid Up Capital, Free Reserves And Securities Premium Under Section 180(1)(C) Of The Companies Act, 2013 b) To Approve Creation Of Charges On Assets Of The Company Under Section 180(1)(A) Of The Companies Act, 2013 To Secure Borrowings Made/To Be Made Under Section 180(1)(C) Of The Companies Act, 2013 c) To Authorise The Board For Issuance Of Non - Convertible Debentures, In One Or More Tranches For One Year
	02/2020-21	August 25, 2020 at 10:00 a.m.		a) To Approve alteration in the Articles of Association
	03/2020-21	March 30, 2021 at 10:30 a.m.		a) To Approve revision in remuneration of Mr. Raj Kumar Setia (Related Party) b) To Approve the Re-Appointment of Mr. Amar Lal Daultani as an Independent director of the company c) Approval for the further issue of equity shares on a preferential allotment/private placement basis to the promoter

POSTAL BALLOT

During the financial year 2020-21, no resolutions have been passed through postal ballot. Further, there is no proposal to transact any business that requires the passing of special resolution through postal ballot.

5. MEANS OF COMMUNICATION

The company strives to maintain utmost transparency in its communication with the members, investors 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 web link <https://www.skfin.in/annual-report.php>. The results of the Company are generally published in Financial Express or Economic Times.

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 2020-21 and Notice of 27th AGM 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

27 th Annual General Meeting	Day & Date: Wednesday, 18 th August, 2021 Time: 10:30 A.M. Venue: Through video conferencing or Other Audio Visual Means at Plot No. 36, Dhuleshwar Garden, Jaipur-302001 (Rajasthan)					
Financial Year	The financial year covers the period from 1 st April to 31 st March and Financial results will be declared as per the following tentative schedule :- <table><tr><td>Half yearly results</td><td>Second week of November, 2021</td></tr><tr><td>Yearly results</td><td>Second week of May, 2022</td></tr></table>		Half yearly results	Second week of November, 2021	Yearly results	Second week of May, 2022
Half yearly results	Second week of November, 2021					
Yearly results	Second week of May, 2022					
Dividend Payment Date	Not Applicable					
Name and address of Stock Exchange where Specified Securities are listed and a confirmation about payment of annual listing fees	Privately placed Debentures are listed on BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001. Listing fees as applicable, has been duly paid.					
Stock Code	The Debentures issued on a private placement basis are listed on the Wholesale Debt Market Segment of BSE Limited and the ISINs/Scrip Codes are specified in the below table.					
Registrars and transfer Agents	Kfin Technologies Private Limited. Selenium, Tower B, Plot No 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddi – 500 032 (Telangana) Email id: Hanumantha.patri@kfintech.com					

Share Transfer System	Pursuant to the provisions of Regulation 61(4) of the SEBI LODR, securities can be transferred only in dematerialised form w.e.f. 1 st April 2019. The Compliance Certificate under Regulation 7(3) of the SEBI LODR confirming that all activities in relation to both physical and electronic 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	1. Axis Trustee Services Limited Axis Bank Ltd, Corporate Banking Branch, 2nd Floor, Red Fort Capital Parsvnath Tower, Bhai Vir Singh Marg ,New Delhi-110001 Contact Person: Swati Borkar Email: swati.borkar@axistrustee.in T: 022 - 62260081 3. Catalyst Trusteeship Limited Address: Office No. 83 – 87,8th Floor , 'Mittal Tower', 'B' Wing, Nariman Point, Mumbai – 400021 Website: www.catalysttrustee.com Contact Person: Deesha Trivedi Email: deesha.trivedi@ctltrustee.com Office: 022-49220506 Fax: 022-49220505	2. Beacon Trusteeship Limited 4 C & D, Siddhivinayak Chambers, Gandhi Nagar, Opp. MIG Cricket Club, Bandra (East), Mumbai – 400 051 Contact Person: Rutu Shah Email: rutu@beacontrustee.co.in Contact: +91 (0)22 2655 8759 4.IDBI Trusteeship Services Limited Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai – 400 001. Website: http://www.idbitrustee.com Contact Person: Naresh Sachwani E Mail: naresh.sachwani@idbitrustee.com T: (91) (22) 40807068								
Dematerialisation of shares and liquidity	100 % of the equity shares of the company are in electronic form with both NSDL and 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. Further, warrants previously issued to the Promoter of the company have been waived off by him.									
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 7 states with a network of 345 branches. List of branches are stated in this Annual Report at page no.13.									
Address for correspondence	Registered Office Address G-1&2, New Market, Khasa Kothi, 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 Email id: Anagha.Bangur@skfin.in									
Credit ratings obtained	The Company has not received any revision in credit ratings from CARE Ratings Limited (CARE), CRISIL Limited (CRISIL), ICRA Limited (ICRA) and Brickwork Ratings India Private Limited (BWR) for its debt instruments during the year 2020-21. <table><tr><td>Secured Non-convertible debentures</td><td>CRISIL A CARE A BWRA ICRA AA+(CE) CRISIL PP-MLD Ar/Stable"</td></tr><tr><td>Unsecured Non-convertible debentures</td><td>CRISIL A CARE A (Tier-II) </td></tr><tr><td>Subordinated term loan</td><td>CARE A</td></tr><tr><td>Bank facilities</td><td>CRISIL A CARE A BWRA</td></tr></table>		Secured Non-convertible debentures	CRISIL A CARE A BWRA ICRA AA+(CE) CRISIL PP-MLD Ar/Stable"	Unsecured Non-convertible debentures	CRISIL A CARE A (Tier-II)	Subordinated term loan	CARE A	Bank facilities	CRISIL A CARE A BWRA
Secured Non-convertible debentures	CRISIL A CARE A BWRA ICRA AA+(CE) CRISIL PP-MLD Ar/Stable"									
Unsecured Non-convertible debentures	CRISIL A CARE A (Tier-II)									
Subordinated term loan	CARE A									
Bank facilities	CRISIL A CARE A BWRA									

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

ISIN	Scrip Code	Address
INE124N08042	955663	BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001. www.bseindia.com
INE124N07127	957954	
INE124N07242	958461	
INE124N07259	958829	
INE124N07325	958941	
INE124N07358	959128	
INE124N07366	959157	
INE124N07374	959524	
INE124N07382	959556	
INE124N07390	959631	
INE124N07408	959638	
INE124N07416	959650	
INE124N07424	959649	
INE124N07432	959689	
INE124N07440	959699	
INE124N07457	959744	
INE124N07465	959907	
INE124N07473	960087	
INE124N07481	960187	
INE124N07499	960192	
INE124N07507	960249	
INE124N07515	960331	
INE124N07523	960442	
INE124N07531	973022	
INE124N07549	973049	
INE124N07556	973129	

7. SHAREHOLDING AS ON 31ST MARCH, 2021

a. Distribution of equity shareholding as on 31st March, 2021

Number of Shares	Holding	Percentage to capital	Number of Accounts	Percentage to total accounts
Upto 50,00,000	85,94,560	32.78%	10	83.34%
50,00,001- 1,00,00,000	62,76,482	23.94%	1	8.33%
Above 1,00,00,000	1,13,44,994	43.28%	1	8.33%
	2,62,16,036	100%	12	100%

b. Categories of equity shareholders as on 31st March, 2021

Category	No of equity shares	Percentage of Holding
Promoters- Individual	1,14,09,444	43.52%
Alternate Investment Fund	15,40,400	5.87%
Foreign Institutional Investors	1,32,61,792	50.59%
Others	4,400	0.02%
	2,62,16,036	100.00%

8. OTHER DISCLOSURES

- A) All related party transactions that were entered into during the financial year were on an arm's length basis. There are no materially significant Related Party Transactions (RPTs) which may have potential conflict with the interests of the Company at large. The statement of RPTs is placed before the Audit Committee and the Board on quarterly basis. The Policy on dealing with RPTs as approved by the Board is available on the Company's website at the web link: <https://www.skfin.in/disclosures.php>. The details of the transactions with Related Parties are provided in the notes to the Financial Statements.
- 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) The Company has adopted a Whistle Blower Policy and has established the necessary mechanism in line with the Companies Act, 2013, for employees to report concerns about unethical behavior, suspected fraud and violation of the company's code of conduct. During the year, no person has been denied access to the Audit Committee. The Whistle Blower Policy/Vigil Mechanism is available on the Company's website at the web link <https://www.skfin.in/disclosures.php>.
- D) The company has complied with all the applicable mandatory requirements of SEBI LODR. The company has also adopted non-mandatory requirements under SEBI LODR such as preparation of Corporate Governance report, Management Discussion and Analysis report, composition of the committees, review of compliance reports, reporting by internal auditor and such other good governance practices.
- E) The company has made preferential allotment of 10,17,447 equity shares to Mr. Rajendra Kumar Setia, Managing Director of the company on 31st March, 2021 and utilized the funds raised for general corporate requirements.

- F) During the year, the Board has accepted all recommendations made by the committees of the board.
- G) The statutory auditors have been paid Rs. 30,00,000/- (Rupees Thirty Lakhs only) on a consolidated basis for all services rendered to the company.
- H) The Company has in place a Policy for Prevention, Prohibition and Redressal of Sexual Harassment at Workplace in accordance with the provisions of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. Appropriate reporting mechanisms are in place for ensuring protection against Sexual Harassment and the right of Women to work with dignity.

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

- I) All the members of the Board and Senior Management personnel have affirmed compliance with the Code of Conduct. The Code is displayed on the website of the Company at the web link <http://www.skfin.in/disclosures.php>.
- J) The **Management Discussion and Analysis Report (MDAR)** forms part of this Annual Report. The detailed report is placed in a separate section of the Annual Report as **Annexure VI**.
- K) The investor complaints are processed in a centralized web-based complaints redress system called **SCORES**. There were no investor grievances as on 31st March, 2021. 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.

- L) 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.
- M) 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>.

PLACE: JAIPUR FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
DATE: JULY 14, 2021 FOR ESS KAY FINC ORP LIMITED

Sd/-
RAJENDRA KUMAR SETIA
MANAGING DIRECTOR
DIN: 009 57374

Sd/-
SHALINI SETIA
WHOLE-TIME DIRECTOR
DIN: 028176 24

Regd. Address:

G 1-2, New Market, Khasa Kothi,
Jaipur – 302001 (Rajasthan)

Website: www.skfin.in Email: info@skfin.in

ANNEXURE-VI

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. ECONOMY REVIEW

1.1 Global Economic Overview

The global economic growth has faced an arduous journey in 2020, with the COVID-19 pandemic leading to significant loss of both lives and livelihood. Global economy is expected to have contracted 3.3% in 2020 against the growth of 2.8% in 2019. After the severe dent in the first half owing to lockdowns and restrictions, economic momentum picked up in the latter half of the year, owing to the removal of restrictions and unleashing of pent-up demand. The prompt measures taken by the governments and central banks have also prevented much deeper global recession. However, concerns about debt sustainability have started to surface as countries spend as much as they can to protect the vulnerable and to limit long-lasting damage to economies. Shifting market expectations can bring challenges to countries with higher levels of external debt.

Meanwhile, vigorous efforts of scientific community have helped in making multiple vaccines available globally. This has provided the necessary hope of coming out of this crisis. But the uneven distribution of vaccines globally is a matter of concern. Furthermore, the new virus mutations and increasing transmission are other factors that are dampening global growth prospects.

The International Monetary Fund (IMF) projects that global growth is projected at 6 percent in 2021, moderating to 4.4 percent in 2022, after an estimated historic contraction of -3.3 percent in 2020. The projections for 2021 and 2022 are stronger than before. The upward revision reflects additional fiscal support in a few large economies, the anticipated vaccine-powered recovery in the second half of 2021, and continued adaptation of economic activity to subdued mobility. High uncertainty surrounds this outlook, related to the path of the pandemic, the effectiveness of policy support to provide a bridge to vaccine-powered normalization, and the evolution of financial conditions. The outlook for growth would improve if the production and distribution of Vaccines is accelerated, is better co-ordinated around the world and gets ahead of virus mutations. This in turn would allow various restrictions imposed to be relaxed quickly and speed up economic recovery. Furthermore, the outlook depends not only on the injection to infection ratio but also on the effectiveness of economic policies in limiting the damage caused by this crisis.

The upgrades in global growth for 2021 and 2022 are mainly due to upgrades for advanced economies, particularly to a sizeable upgrade for the United States that is expected to grow at 6.4 percent this year. This makes the United States the only large economy projected to surpass the level of GDP it was forecast to have in 2022 in the absence of this pandemic. Other advanced economies, including the euro area, will also rebound this year but at a slower pace. Among emerging markets and developing economies, China is projected to grow this year at 8.4 percent. While China's economy had already returned to pre-pandemic GDP in 2020, many other countries are not expected to do so until 2023.

1.2. Indian Economic Overview

Indian economy has been exhibiting a weaker trend even before the onset of the COVID-19 Pandemic. Right from the country's phased lockdown and slump in business activities to the gradual recovery and the ongoing vaccination drive globally, it's been nothing short of a roller coaster ride. The year unfolded quite dramatically as it brought along both unprecedented crisis and uncharted opportunities for the economy. The Reserve Bank of India's (RBI) prompt response during the crisis helped avert a financial collapse. It implemented measures like slashing interest rates, announcing fiscal stimulus package and allowing loan moratorium, among others. Together, these measures helped stabilize the economy.

Indian economy experienced an upside motion during the last festive season. The positive momentum continued with the roll out of vaccines and revival of several infrastructure projects by the Government. This helped uplift morale while also boosting economic activities. Though uncertainty looms around on account of the second wave, vaccine rollout and control of daily new cases will be key monitorables. India went onto record an impressive 13% growth in FDI in 2020. This growth, on the back of rising sentiments towards India, was higher compared to other major economies. The Private Final Consumption Expenditure (PFCE), constituting more than 50% of the GDP, registered a decline by 2.4% in the December quarter. This decline however, an improvement from 26.3% in June quarter, was accompanied with a continued uptick in corporate profit.

The economy slowly graduated out of the contraction zone from a dip of 23.9% in June 2020 to a positive 0.4% in December 2020. The latest GDP numbers support the

economy's narrative of a strong sequential recovery. However, the nature of the ongoing recovery and its ability to sustain after returning to pre-COVID-19 levels remain uncertain. The eight core sector industries' index has shown a positive momentum with minor dips in the short-term. The outlook for the future remains optimistic with recovery in business activities. Total loans sanctioned under the Emergency Credit Line Guarantee Scheme (ECLGS) stood at Rs. 2.10 trillion, out of which Rs. 1.69 trillion were distributed to 4.25 million borrowers till January 2021. This scheme allowed for an incremental 20% exposure for business borrowers that were no more than 30 days delinquent on repayment as of February 2020.

The Indian economy is showing decisive and strong signs of recovery. These positive signals are underpinned by the confidence post the vaccine roll out, low interest rates, resurgence of consumer confidence and other investment attracting measures. With strong prospects of robust growth gaining grounds in consumption and investment, along with a lower base effect, GDP is estimated to grow at 11.0% in FY22.

2. INDUSTRY STRUCTURE AND DEVELOPMENTS-NBFC SECTOR

NBFC sector plays important role in financial inclusion by meeting credit needs of retail and MSME sector. NBFC sector provides efficient credit distribution reach to untapped and under-penetrated regions and customer class. NBFCs bring the much needed diversity to the financial sector by providing consumer credit, including automobile finance, home finance and consumer durable products finance, wholesale finance products such as bills discounting for small and medium companies. NBFCs have carved niche business areas for them within the financial sector space and are also popular for providing customized products. The credit delivery of NBFC sector constituted 11.6 per cent of GDP.

The AUM of NBFCs (including HFCs) grew to Rs. 29.2 trillion in FY21 against Rs. 28.7 trillion in FY 20 – a growth of 2% – and is expected to grow to Rs. 31 trillion in FY22 – a growth of 6.2%. NBFCs with granular portfolio and retail lending are likely to perform better. This improvement can be accredited to recuperating economic activities and fund requirements by MSMEs along with faster digital processing. At the beginning of lockdown and moratorium, when the collection levels plunged sharply, there was a clear discernment regarding nonbanks' ability to meet their financial obligations. However, a gradual upturn in collections since June 2020 brought in some relief. Along with this, adequate support through the Government's liquidity measures, helping even the more vulnerable, small,

and midsize lenders, ushered a ray of hope. These measures succored in raising funds and meet the near-term obligations of such lenders. Bank credit to the NBFC sector was Rs.7.05 lakh crore in June 2020, Rs. 8.0 lakh crores in September 2020 and Rs. 7.9 lakh crores in December 2020 and Rs. 8.9 lakh crores in February 2021. However, mutual funds lending to NBFCs continued to contract in 2020-21 as well.

Asset quality was one of the prime reasons behind the focus shift of lenders from growth to consolidation during the initial phases of the lockdown. There was a continuous engagement of lenders with their customers to ascertain maximum recovery of loans. COVID-19 impacted NBFC segments differently. Segments that were already stressed like commercial vehicle loans and loans against property, felt the pinch. On the Non-Performing Asset (NPA) front, the Gross Non-Performing Asset (GNPA) ratio for the NBFC sector is anticipated to be at 7.5% in March 2021 from 6.6% in the same month last year. The Net Non-Performing Asset (NNPA) ratio in March 2020 remained stagnant around 3% as compared to the same month last year. The steep rise in the NPAs can be accredited to the pandemic and the resultant asset quality deterioration across segments.

Similarly, when it came to Scheduled Commercial Banks (SCBs), the GNPA ratio stood at 7.5% in September 2020, plunging from 9.3% in September 2019. NNPA ratio declined further from 3.7% in September 2019 to 2.1% in September 2020. These numbers are after taking the moratorium announced by the Centre into account. According to the financial stability report published by the RBI, the GNPA forecast for March 2021 is expected to be around 13.5% in a baseline scenario and may rise up to 14.8% in a severe stress scenario. At the moment, it is difficult to predict the improvement in credit quality in the SCBs. However, going ahead, NBFCs are anticipated to benefit from the same in case of an improvement post the pandemic. SCBs are the main players in both asset sales and securitisation undertaken by NBFCs. An improvement in the asset quality of banks will increase their liquidity benefitting the NBFCs by higher cash flow without further leveraging their balance sheet (Source: RBI).

The RBI and Government announced several measures to provide liquidity support and mitigate the disruptions caused by the pandemic. These measures were aimed at easing liquidity and improving asset quality. Additionally, RBI in its Monetary Policy Committee meeting in April 2021, decided to retain its accommodative policy stance as long as necessary to sustain long term development.

- Targeted Long-Term Repo Operations (TLTRO 2.0): Deployed by the RBI towards channeling liquidity around Rs. 500 billion to small and mid-sized corporates. These corporates also included NBFCs and micro-finance institutions (MFIs) impacted by COVID-19 disruptions. The TLTRO scheme has been extended up to September 2021 by the RBI.
- RBI reduced the policy rates from 5.15% in February 2020 to the current 4% to further boost liquidity into the system. To further supplement its accommodative stance, RBI has kept the repo rate unchanged at 4% in the April 2021 Monetary Policy Committee meeting.
- Special Liquidity Scheme: The Union Ministry of Finance announced in Budget 20-21 Rs. 300 billion Special Liquidity Scheme for nonbanking, housing finance companies and Monetary Financial Institutions as a part of the Atmanirbhar Bharat package.
- Partial Credit Guarantee Scheme Expansion: The ministry also expanded the partial credit guarantee scheme (PCGS) in May 2020. This was done with an aim to add greater flexibility to state-owned banks in purchasing bonds and commercial papers of non-banking financial companies (NBFCs). Under PCGS 2.0, the Centre provided 20% first loss sovereign guarantee to public sector banks, resulting in liquidity infusion of Rs. 450 billion into the system.
- Other Liquidity Infusion Measures In April 2020, the RBI provided Rs. 500 billion liquidity to All India Financial Institutions like NABARD, NHB & SIDBI. In April 2021, fresh lending support of Rs. 500 billion has been provided to NABARD, NHB & SIDBI. The Centre's move to uplift the MSMEs in India and substantially increase their contribution to the GDP by injecting liquidity through banks and NBFCs is expected to benefit the sector. Schemes like ` 3 trillion collateral free loan with 100% credit guarantee to MSMEs, Rs. 200 billion subordinate debt for stressed MSMEs and Rs. 500 billion equity infusion for MSMEs would collectively infuse and increase liquidity into the system.
- NBFCs with asset size of Rs.100 crore are now eligible for debt recovery under SARFAESI Act and can pursue loan recovery under SARFAESI Act for loans starting at Rs.20 lakhs which was earlier Rs.50 lakhs.

The prime area of focus for NBFCs will remain on collections and customer engagement. NBFCs are expected to pick up by 5-6% in business growth in FY22 on the back of pandemic's impact weaning and the economic engine

beginning to roar early into the financial year. Gold loans are expected to perform better than all other segments backed by the behavior of the asset class. NIMs are contemplated to be maintained at nearly the same level while credit costs are expected to revert to close to pre-COVID-19 levels. Ensuing this, NBFCs are expected to closely mirror recovery in FY22 – steering the economy's momentum towards growth and subsequent capital requirement. However, escalating second wave of COVID-19 infections in India present a downside risk to growth forecast and could dampen market and consumer sentiment

The RBI released a draft discussion paper on the revised legislative structure for NBFCs. However, the proposed quantitative norms, such as capital adequacy ratio, regular asset provisioning, and NPA classification, are not expected to have a significant effect on the Company because we are already well above the required minimum compliance.

3. OPPORTUNITIES

• Role of Technology

NBFCs are focusing on developing innovative products and catering low income, urban and rural customers in unorganized sectors. Under this framework, NBFCs are adopting business and operational models powered by technologies. The purpose is to seamlessly facilitate the design, launch, implementation and execution of tailored products and services. Investing in new technologies and strategic partnerships with the present financial institutions and fintechs helps NBFCs in a number of ways: to lower customer acquisition costs, servicing existing customers or de-risking the portfolio while trying to overcome the increasing formal credit penetration in a growing economy. Moreover, this also gives them access to crowd funding. NBFCs can serve the niche segments in partnerships with fintechs leading to increased synergies between the two. India has seen a steep rise in the fintech industry with almost 67% of the 2,100 fintech set up in the last 5 years. At the current valuation of USD 50-60 billion the fintech industry is expected to reach USD 150-160 billion by 2025

• Reach to MSME Segment

MSME segment contributed to around 29% of India's GDP in FY20 and is one of the most underserved segments in terms of credit access. A substantial portion of MSMEs in India do not receive formal credit, leaving these companies under-financed or financed through informal sources. Informal credit ends up being more expensive than formal debt, making it difficult for MSMEs to address accumulated debt burden. The World Bank estimates the current credit gap for MSMEs in India to be at USD 380 billion. MSME is a sector with huge potential for growth with limited access to funds from traditional banks and Financial Institutions. The

Government of India took appropriate steps to enhance the credit access to the MSME and eventually increase their contribution to almost 50% of the GDP in the long term. NBFCs with wide coverage and deep penetration in rural India can play a pivotal role in serving these areas.

- **Co-lending partnerships**

Co-lending via NBFCs is the optimum solution to liquidity conversion from banks to lesser served priority sectors through credit funding. It leads to consumption growth and acts as an excellent way of spreading risk. It prevents the entire loan from falling onto NBFCs' balance sheet as banks lend to the borrowers directly. NBFCs bring their existing infrastructure and collection capabilities to the table while banks bring the power of their robust balance sheet to a sector largely underserved by the formal banking space. The prime benefit to NBFCs here is in accessing an entire new set of customers along with cheaper funding sources. With the kind of benefits it brings along, co-lending is sure expected to create substantial synergy for the sector.

- **Commercial vehicle segment**

NBFCs can expect growth in the vehicle-financing space after a lull in FY 20-21 due to pandemic and reluctance of buyers due to increase in vehicle prices due to introduction of BS-VI norms. Overall, loan defaults have also reduced and are expected to drop further as the economy shows positive recovery. Higher budgetary allocation by the Government to give boost to infrastructure sector involving construction of roads, new airports, ports etc. creating huge demand for Commercial Vehicle Growth in the commercial vehicles, passenger vehicles and tractors market.

4. THREATS

- **Ongoing Pandemic**

The second wave of COVID-19 in the country has led to localized restrictions in various states. The financial institutions fear that any restrictions placed locally or across the country may hamper the economic progress and lead to economic losses which may further increase the loan defaults.

- **Global Economy Slowdown**

The global markets are looming with uncertainty. The slow growth in the advanced economies and rising constraint on certain emerging economies can result in volatile capital inflows and currency fluctuations. The increasing restrictions on migration and global trade is likely to hurt productivity and incomes. Together, this may take an immediate toll on the market sentiment. Speaking of the same in the Indian context, slow implementation of regulatory reforms and lack of consensus on important legislations is further likely to delay growth.

- **Stringent Regulatory Norms**

Unexpected regulatory changes or tightening in regulatory scrutiny/restrictions may adversely impact the way current products or services are produced or delivered.

5. BUSINESS SEGMENT:

The company operates through five different product segment viz. Commercial vehicle, Agricultural equipment's, Car's, two wheelers and MSME loans. Indeed, pre-owned commercial vehicle financing is core business area of Ess Kay. Our 70-80% of total portfolio covered by pre-owned financing of vehicles. These pre-owned vehicles being affordable for small aspiring owner-cum-drivers are preferred to initiate their entrepreneurial journey as a Small Road Transport Operator (SRT0). The company empowers such small SRT0s and new drivers with affordable financing and advice regarding the commercial vehicles.

5.1 Commercial and Passenger Vehicle Industry

According to Society of Indian Automobile Manufacturers (SIAM), In the financial year FY20-21, there was a de-growth in sales of all segments compared to the previous years. (-) 2.24% for Passenger Vehicles with sales of 27.11 Lakhs units; (-) 13.19% for Two-Wheelers with sales of 151.19 Lakhs units; (-) 20.77% for Commercial Vehicles with sales 5.69 Lakhs units and (-) 66.06% for Three-Wheelers with sales of 2.16 Lakhs units.

The industry produced a total 22,652,108 vehicles including Passenger Vehicles, Commercial Vehicles, Three Wheelers, Two Wheelers and Quadricycles in April-March 2021 as against 26,353,293 in April-March 2020, registering a de-growth of (-) 14.04 percent over the same period last year.

Passenger vehicles sales was 27,11,457 units in April-March 2021, compared to 27,73,519 units in April-March 2020, down by 2.24%. Commercial vehicles sales declined by 20.77% to 5,68,559 units last financial year, as against 7,17,593 units in 2019-20. The sale of three-wheelers saw a substantial drop of 66.06% after the pandemic put a halt to most public movement in the first half. In the 2020-21 fiscal 2,16,197 units were sold to dealers, as against 6,37,065 units in 2019-20. The Two-wheeler sales was 1,51,19,387 units in April-March 2021, compared to 1,74,16,432 units in April-March 2020, down by 13.18%.

The pre-owned commercial vehicles financing continued to be focus area for the Company ever since its inception. The pre-owned commercial vehicles are affordable to aspiring owner-cum-drivers who are small road transport operators with limited banking habits and credit history for verification of creditworthiness. The market for pre-owned commercial vehicle financing is fragmented and dominated by private

financiers in the unorganized sector. The Company has taken initiative to corporatize the pre-owned CV financing business. The Company's key strengths enables providing finance to pre-owned commercial vehicle operators at favourable interest rates and repayment terms as compared to private financiers in the unorganised sector. The credit evaluation techniques, relationship-based approach, extensive branch and agents network and strong valuation skills make the Company's business model unique and sustainable. Further, the business model is easily scalable at local levels throughout India. The Company has an established track record of developing and training recruits on the internally developed valuation techniques, substantial customer knowledge and relationship culture the Company have developed over the years.

5.2 Tractor Industry

Despite global pandemic and nation-wide lockdown, the sales momentum of Indian tractor industry was not affected. According to the report given by various tractor industries, the overall yearly tractor sales recorded a boom of 26.86%. A growth displayed in comparison to the previous year as Apr'20-Mar'21 tractors sold 899429 units against 709002 units. During the past four decades, the tractor industry grew at a compounded annual growth rate (CAGR) of 10%.

The overall growth of tractor sales in 2020-21 is ever highest in the decade, pandemic comes as the biggest opportunity for India's Tractor Industry. Experts and industry representatives see tractor sales momentum continuing in FY22 too as the Tractor demand is expected to remain strong as rabi harvesting is progressing well along with the onset of sowing of summer crops in select markets and good monsoon conditions.

The Government offers subsidy for new tractors for promoting the mechanization component of the Macro-management scheme of agriculture which attracts farmers to buy new tractors equipped with new technologies. The government is promoting measures such as doubling farm incomes by 2022, direct farmer income support through PM-KISAN scheme and improving crop productivity by distributing soil health cards, which are expected to renew rural economy. This will also be supported by other measures like the e-NAM (National Agriculture Market), expanding crop insurance, and gradual spread of custom hiring centers.

5.3 MSMEs

The Micro Small and Medium Enterprises (MSMEs) sector is a major contributor to the socio-economic development of the country. In India, the sector has gained significant importance due to its contribution to Gross Domestic

Product (GDP) of the country and exports. The sector has also contributed immensely with respect to entrepreneurship development especially in semi-urban and rural areas of India.

India has approximately 6.3 crore MSMEs. The number of registered MSMEs grew 18.5% Y-o-Y to reach 25.13 lakh (2.5 million) units in 2020-21 from 21.21 lakh (2.1 million) units in 2019-20.

Loans and Advances to the MSME and Trader and Wholesaler segment as on March 31, 2021 stood at Rs. 2,01,833 crore as against Rs. 1,59,107.93 crore a year ago recording a growth of approx. 26.85% Y-o-Y basis. Ess Kay has disbursed Rs. 17,418.47 Lakh in FY 2020-21 as compared to Rs. 11,409.44 Lakh in FY 2019-20, loans to MSME sector representing an significant increase of 52.67% over the previous year.

The Indian MSMEs sector contributes about 29% towards the GDP through its national and international trade. The Government of India has envisioned doubling the Indian economy to US\$ 5 trillion in five years. In order to achieve this goal, career opportunities for the young population have been generated and MSMEs have the potential to serve as a key employment generator. Therefore, the government has taken up promotion of MSMEs in order to create new jobs in the sector. Further, the government aims to enhance MSME's share in exports and its contribution to GDP. The Government of India has designed various policies for the growth of MSMEs in the country. Budget allocation for MSMEs in FY22 more than doubled to Rs. 15,700 crore (US\$ 2.14 billion) vis-à-vis Rs. 7,572 crore (US\$ 1.03 billion) in FY21. The government also announced Rs. 3 lakh crore (US\$ 40.85 billion) collateral-free automatic loans for businesses. In Union Budget 2021, the government announced funds worth Rs. 10,000 crore (US\$ 1.36 billion) for 'Guarantee Emergency Credit Line' (GECL) facility to eligible MSME borrowers, giving a major boost to the sector.

The Company will continue targeting the under-served MSME segment. The idea is to address the lack of adequate financial borrowing facilities because of small loan ticket sizes. Ess Kay will also focus on offering end-to-end digital loans enhancing customer experiences by providing integrated services throughout the customer lifecycle.

6. OPERATIONAL HIGHLIGHTS

The key operational highlights of 2020-21 are:

- Total income increased to Rs. 69,118.33 lakh in 2020-21 from Rs. 58,240.27 lakh in 2019-20, an increase of 18.68%.

- Assets Under Management (AUM) reached to Rs. 3417 crore in 2020-21 from Rs. 2986 crore in 2019-20, an increase of 14.17%.
- Total customer base crossed to 1,80,000.
- Increased employee base to 5,176 as on 31st March, 2021, as against 3,580 as on 31st March, 2020.
- Opened more rural branches to remain close to customers, to better understand their cash flows and to

approach the customers for recovery when they have the money. These branches will seize new opportunities when the economic cycle and farm cycle improve.

7. FINANCIAL HIGHLIGHTS

The following table presents the Company's financial performance for financial 2020-21:

(Amount in lakhs)

Particulars	2020-21	2019-20
Total Revenue	69,118.33	58,240.27
Operating Expenses	52,287.51	42,181.40
Provision		
a. For NPA	1,938.08	1,877.69
b. for standard assets	2,551.09	3,630.71
Profit before tax	12,341.65	10,550.47
Tax expenses		
a. Current Year	4,295.40	3,874.32
b. Earlier Year Taxes	895.34	0.00
c. Deferred Tax	(1,957.50)	(1,177.52)
Profit after tax	9,108.41	7,853.67
Other comprehensive income/(expenses)	3.40	6.00
Total comprehensive income after tax	9,111.81	7,859.67
Appropriation		
a. Dividend	-	-
b. Tax on Dividend	-	-
c. Transfer to statutory reserve	1,821.68	1,570.73
Earnings per share		
Basic	36.14	33.00
Diluted	35.80	32.68

Your Company posted total income and net profit of Rs. 69,118.33 lakhs and Rs. 9,108.41 lakh, respectively, for the financial year ended March 31, 2021, as against Rs. 58,240.27 lakhs and Rs. 7,853.67 lakh respectively, in the previous year. The Company is consistently growing and achieved significant growth of 18.68% and 15.98% in the income and

profit respectively for the financial year ended March 31, 2021 as compared to previous financial year.

Following are the key indicators which shows that the company has performed exceptionally well in the financial year 2020-21:

(Amount in Lakh)

S.No.	Particulars	2020-21	2019-20
1	Total Income (including exceptional items)	69,118.33	58,240.27
2	Net Interest Income	35,687.13	31,296.05
3	Capital Adequacy Ratio	27.67%	31.66%
4	Assets Under Management	3,41,716.89	2,98,648.15
5	Securitization done during the year	31,523.32	41,652.04

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 2019-20 to financial year 2020-21:

S.N.	Particulars	FY 2020-21	FY 2019-20
1	Interest Coverage Ratio	1.42	1.45
2	Current Ratio	1.65	1.40
3	Debt Equity Ratio	3.47	2.92
4	Operating Profit Margin	62.47%	59.44%
5	Net Profit Margin	13.18%	13.48%

8. OVERVIEW OF ESS KAY FINCORP LIMITED

The company is registered with Reserve Bank of India and classified as “NBFC-ND-SI-AFC”, engaged in the business of providing financing for income generation activity (Mainly Commercial vehicle 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 we have created a product which serves the need of self-employed individuals and small businesses in India. Traditional underwriting methods in India exclude majority of creditworthy individuals and SME's. It is this fundamental premise on which our business was built and we have a mission to bring a 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 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 making it in tune with your business cycles. Behind the functioning of the organization, is the belief that each customer is an asset in the growth of our business. Ess Kay is one of the key market players in the commercial vehicle finance and MSME lending in the state of Rajasthan and Gujarat.

i. Product Portfolio

The company has built Strong Recognition and Trusted Brand in Rural and Urban India by Diverse Product Offerings. Ess Kay is financing for MSME Business, Heavy Commercial Vehicle (MCV's), Car, Three-Wheeler, Two-Wheeler, Construction Equipment and Agriculture Equipment/ Construction Equipment.

ii. Branch Operations

The company has its widespread network of 345 branches across the seven states namely Rajasthan, Gujarat, Punjab, Maharashtra, Madhya Pradesh, Haryana and Chhattisgarh.

iii. Funding Source

We currently deal with more than 50 Banks and Financial Institutions by obtaining financial assistance in form of Term Loan, Cash Credit (including WCDL), Non-Convertible Debentures, and External Commercial Borrowing, etc.

9. RISK MANAGEMENT

Financial services industry has seen significant shifts in business practices in last one year with the digital revolution making the environment dynamic. Risk Management practices, therefore, require a dynamic, proactive and efficient approach to keep pace with the constant change.

As a lending institution, we are exposed to various risks that are related to our lending business and operating environment. The major types of risk we face in our businesses are credit risk, interest rate risk, operational risk, liquidity risk, cash management risk, asset risk, business risk, regulatory risk and human capital risk.

The Board of Directors has constituted a Risk Management Committee consisting of Directors and Senior Officials. The objectives of Risk Management Committee include a periodical review of the risk management policy, risk management plan, implementing and monitoring the risk management plan, and mitigation of the key risks. 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') is the exposure of a company's financial condition to adverse movements in interest rates. 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 your company from risk return perspective including strategic management of interest rate and liquidity risks. 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 your 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 defined at product level 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 Margins, 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 realize 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. Ess Kay has 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 Ess Kay 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, Cyberattacks etc.

10. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company's internal control system is designed to ensure operational efficiency, compliance with laws and regulations and accuracy and promptness in financial reporting. The internal control system is supported by an internal audit process for reviewing the design, adequacy and effectiveness of the Company's internal controls, including its systems, processes and procedures to ensure compliance with regulatory directives. Internal Audit Reports are discussed with the Management and are reviewed by the Audit Committee of the Board, which also reviews the adequacy and effectiveness of the internal controls in the Company. Your Company's internal control system is commensurate with its size and the nature of its operations.

11. INFORMATION TECHNOLOGY AND IT SECURITY

The FY2020-21 started with the pandemic induced nation-wide lock-down and the foremost technological challenge faced by your Company was to ensure business continuity amidst the lockdown and simultaneously ensuring that year-end closure procedures and allied regulatory aspects carry on unhindered amidst the pandemic.

Secured VPN was immediately provided to the employees to ensure stable business operations. The digital technology footprint implemented during the previous years, helped business users and servicing of customers.

The situation was fluid considering the dynamic nature of the lock-down and localised restrictions which were being imposed or released. The service desk notably provided support to end users amidst these challenges and was equipped to work remotely and in shifts to provide uninterrupted support. Adequate risk mitigating controls were put in place to ensure security posture of the desktops/laptops while users work remotely.

IT resources were stationed at the production & Data centres to ensure breakdowns could be handled on priority. The technology team managed to provide near uninterrupted up time for all the applications and process that helped in maintaining the operations. The efficacy of IT Business Continuity Plan & Disaster Recovery was tested throughout

the year, due to multiple challenges during the year. IT team continued to execute various projects during the year, in addition to providing availability of IT systems to users.

12. HUMAN RESOURCES

Ess Kay 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 that not only engages employees more effectively but also helps our businesses to move up the curve faster.

At Ess Kay we believe that our people are our biggest assets. The workforce at Ess Kay has a right blend of youth & experience and the success of our organisation is based on the capability, passion & 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. Your Company conducts an array of online engagement activities (given the Covid background), encourage our employees to acquire newer skills and create platforms to interact with peers across the country that enables growth by sharing of best practices and learnings.

Your Company continues to attract and retain talent that focuses on sustained superior performance, provide them opportunities to learn, realise their true potential and contribute positively to the success of the Company.

Our Senior Leadership Team, from time to time, shares the strategy and vision for the company through virtual town-halls that ensures that our employees are always cognizant of what is happening in the Company, there by encouraging an interactive and engagement driven work culture.

As on March 31, 2021, your Company had 5176 employees as compared to 3580 as on March 31, 2020.

13. SERVICE QUALITY INITIATIVE

On March 25, 2020, the Government of India had ordered nationwide lock down as a preventive measure against the COVID-19 pandemic. To support the customers during lock down, the entire Customer Service team was quickly equipped to work from home so as to respond to customer queries on email and ensure unhindered services to our customers. Additionally, the contact centre was configured in a manner that enabled Customer Service team to attend customer calls from home. This was much appreciated by the customers.

Post the announcement of moratorium by RBI, your Company had witnessed a sudden spike in volume of both emails and calls. A dedicated desk was set up at Customer Service with a unique email id to assist all customers on Moratorium related queries. For customers who wished to Opt Out from Moratorium, an online facility was provided through call center IVR system. Employees from Operations and Branches were roped in to manage the additional load during this period. These employees were suitably trained on Customer Service so as to ensure similar quality of response.

Continuous communication with the customers was maintained during COVID-19 with the help of constant updation of FAQ's, SMSs, emails etc. to clarify queries relating to loan accounts. Digital capabilities like Chatbot, Whatsapp Service and Missed Call Service were implemented to enhance customer experience. Despite the

Pandemic our customer support team effectively responded to all queries raised by the customer to the regulators such as RBI, Ombudsman, Consumer help line within defined SLAs".

The Reserve Bank of India extended the system of Ombudsman for redressal of complaints against deficiency in services concerning loans and advances and other specified matters to Systemically important Non Deposit taking Non Banking Financial Companies (NBFCs) in April 2019. Accordingly, the Company had appointed below mentioned Nodal Officer for representing the Company and furnishing information to the Ombudsman in respect of complaints filed against the Company.

Name and Contact details of the Nodal Officer of the Company:

Nodal Officer	Contact Number	Zone	Office Address	Landline Number	Email id
Mr. Atul Arora	1800-103-9039	New Delhi and Mumbai	Ess Kay Fincorp Limited G 1-2, New Market, KhasaKothi Jaipur Rajasthan-302001	0141-4161551	info@skfin.in

PLACE: JAIPUR
DATE: JULY 14, 2021

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
FOR ESS KAY FINCORP LIMITED

Regd. Address:

G 1-2, New Market, Khasa Kothi,
Jaipur – 302001 (Rajasthan)

Website: www.skfin.in Email: info@skfin.in

Sd/-
RAJENDRA KUMAR SETIA
MANAGING DIRECTOR
DIN: 009 57374

Sd/-
SHALINI SETIA
WHOLE-TIME DIRECTOR
DIN: 028176 24

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.

- INDEPENDENT AUDITOR'S REPORT -

To the Members of
Ess Kay Fincorp Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ess Kay Fincorp Limited ("the Company"), which comprise the balance sheet as at 31 March 2021, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as 'financial statements').

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 ("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 31 March 2021, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs 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 there under, 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 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 of the current period. 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.

Description of Key Audit Matter

Key audit matter	How the matter was addressed in our audit
Impairment of loans and advances Charge: INR 9,278.75 lakhs for year ended 31 March 2021 Provision: INR 16,248.64 lakhs at 31 March 2021	
<i>Refer to the accounting policies in "Note 2(H) to the Financial Statements: Significant Accounting Policies-Impairment on financial assets", "Note 3 to the Financial Statements: Use of estimates" and "Note 2F to the Financial Statements: Significant Accounting Policies- Financial Instruments"</i>	
Subjective estimate Under Ind AS 109, Financial Instruments, allowance for loan losses are determined using expected credit loss (ECL) estimation model. The estimation of ECL on financial instruments involves significant judgement and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Company's estimation of ECLs are: - Data inputs - The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. - Model estimations - Inherently judgmental models are used to estimate ECL which involves determining Probabilities of Default ("PD"), Loss Given Default	Our key audit procedures included: Design / controls We performed end to end process walkthroughs to identify the key systems, applications and controls used in the ECL processes. We tested the relevant manual (including spreadsheet controls), general IT and application controls over key systems used in the ECL process. Key aspects of our controls testing involved the following: Testing the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs, data and assumptions into the Ind AS 109 impairment models.

Key audit matter	How the matter was addressed in our audit
("LGD"), and Exposures at Default ("EAD"). The PD and the LGD are the key drivers of estimation complexity in the ECL and as a result are considered the most significant judgmental aspect of the Company's modelling approach. - Economic scenarios – Ind AS 109 requires the Company to measure ECLs on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weights applied to them (including changes to methodology) especially when considering the current uncertain economic environment arising from COVID-19. - Qualitative adjustments – Adjustments to the model-driven ECL results are recorded by management to address known impairment model limitations or emerging trends as well as risks not captured by models. They represent approximately 23.12% of the ECL balances as at 31 March 2021. These adjustments are inherently uncertain and significant management judgement is involved in estimating these amounts especially in relation to economic uncertainty as a result of COVID-19. The effect of these matters is that, as part of our risk assessment, we determined that the impairment of loans and advances to customers has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The credit risk sections of the financial statements disclose the sensitivities estimated by the Company. Disclosures The disclosures regarding the Company's application of Ind AS 109 are key to explaining the key judgements and material inputs to the Ind AS 109 ECL results. Further, disclosures to be provided as per RBI circulars with regards to non-performing assets and provisions will also be an area of focus, particularly as this will be the first year some of these disclosures will be presented and are related to an area of significant estimate.	- Testing the 'Governance Framework' controls over validation, implementation and model monitoring in line with the RBI guidance. - Testing the design and operating effectiveness of the key controls over the application of the staging criteria. - Testing key controls relating to selection and implementation of material macro-economic variables and the controls over the scenario selection and application of probability weights. - Testing management's controls over authorisation and calculation of post model adjustments and management overlays. - Testing management's controls on compliance with Ind AS 109 disclosures related to ECL. - Testing key controls operating over the information technology in relation to loan impairment management systems, including system access and system change management, program development and computer operations. Involvement of specialists - we involved financial risk modelling specialists for the following: - Evaluating the appropriateness of the Company's Ind AS 109 impairment methodologies and reasonableness of assumptions used (including management overlays). - For models which were changed or updated during the year, evaluating whether the changes were appropriate by assessing the updated model methodology. - The reasonableness of the Company's considerations of the impact of the current economic environment due to COVID-19 on the ECL determination. Test of details Key aspects of our testing included: - Sample testing over key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data and reasonableness of economic forecasts, weights, and model assumptions applied. - Model calculations testing through re-performance, where possible. - Test of details of post model adjustments, considering the size and complexity of management overlays with a focus on COVID-19 related overlays, in order to assess the reasonableness of the adjustments by challenging key assumptions, inspecting the calculation methodology and tracing a sample of the data used back to source data. Assessing disclosures - We assessed whether the disclosures appropriately disclose and address the uncertainty which exists when determining the ECL. As part of this, we assessed the sensitivity analysis that is disclosed. In addition, we assessed whether the disclosure of the key judgements and assumptions made was sufficiently clear.

Key audit matter	How the matter was addressed in our audit
Information technology	
IT systems and controls The Company's key financial accounting and reporting processes are highly dependent on the automated controls in information systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated. The Company uses an IT application for managing its loan transactions which is key for its overall financial reporting. Further, the prevailing COVID-19 situation, has caused the required IT applications to be made accessible on a remote basis. We have identified 'Information Technology systems' as key audit matter because of the high level of automation, with regards to transaction recording, processing and computation and the risks associated with remote access of key applications by a large population of staff at the year end. The Company also implemented a new IT application in the current year and accordingly the controls relating to first time roll out of the IT application into the live environment would be an area of focus.	We involved IT Specialist to: - Understand General IT Control (GITC) i.e. Access Controls, Program/ System Change, Program Development, Computer Operations (i.e. Job Processing, Data/System Backup Incident Management) over key financial accounting and reporting systems, and supporting control systems (referred to as in-scope systems). - Test the General IT Controls for design and operating effectiveness for the audit period over the in-scope systems, with particular focus on new IT application introduced during the year. - Understand IT application controls covering: - User access and roles, segregation of duties; and - Key interfaces, reports, reconciliations and system processing. - Test the IT application controls for design and operating effectiveness for the audit period. - Test the controls to determine whether these controls remained unchanged during the audit period or were changed following the standard change management process. - Understand IT infrastructure i.e. operating systems and databases supporting the in-scope systems. - Test the controls over the IT infrastructure covering user access (including privilege users), data center and system change (e.g. patches). - Enquiry on data security controls in the context of a large population of staff working from remote location at the year end. - In certain areas where General IT Controls needed strengthening, we tested compensating manual controls to evaluate whether the control objectives are met.

Other Information

The Company's management and the Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual 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 the 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.

Management's and Board of Directors' Responsibility for the Financial Statements

The Company's Management and the Board of Directors are 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 state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows 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. 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 design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring 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 and the Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is 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 in the financial statements made by Management and the Board of Directors.

- Conclude on the appropriateness of Management and the Board of Directors' 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 of the current period 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. (A) As required by Section 143(3) of the Act, we report that:
- 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.
 - 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.
 - The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
 - In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.
 - On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.
 - With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) 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, in our opinion and to the best of our information and according to the explanations given to us:
- The Company has disclosed the impact of pending litigations as at 31 March 2021 on its financial position in

its financial statements - Refer Note 38 to the financial statements;

- The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts- Refer Note 38 to the financial statements; and
- There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

(C) With respect to the matter to be included in the Auditor's Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **BSR & Co. LLP**

Chartered Accountants

Firm's Registration No. 101248W/W-100022

Sd/-

Ashwin Suvarna

Partner

Place: Mumbai

Date: 5 May 2021

Membership No. 109503

UDIN: 21109503AAAABE8323

- ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT -

Annexure A to the Independent Auditor's Report of even date on financial statements of Ess Kay Fincorp Limited

- (i) a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. Fixed assets have been physically verified by management during the year and no material discrepancies were identified on such verification.
- c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.
- (ii) The Company is in the business of providing services and does not have any physical inventories. Accordingly, the provision of clause 3(ii) of the Order is not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ("Act"). Accordingly, the provision of clause 3(iii) of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, made investments or provided guarantees under section 185 of the Act and has complied with the provisions of section 186(1) of the Act. The Company being a NBFC, nothing contained in section 186 is applicable, except subsection (1) of that section.
- (v) The Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India and the provisions of section 73 to section 76 of the Act, or any other relevant provisions of the Act and the rules framed there under apply.
- (vi) The Central Government has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Act for any of the services rendered by the Company. Accordingly, the provision of clause 3(vi) of the Order is not applicable.

- (vii) a) According to the information and explanations given to us and on the basis of our examination of records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and services tax, cess and other material statutory dues have generally been regularly deposited by the Company with the appropriate authorities. As explained to us the Company did not have any dues on account of sales tax, duty of customs or duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, goods and services tax, cess and other material statutory dues were in arrears as at 31 March 2021 for a period of more than six months from the date they became payable.

- b) According to the information and explanations given to us, there are no dues in respect of income tax, services tax, value added tax or goods and service tax which have not been deposited on account of dispute except as given below:

Name of the statute	Nature of dues	Amount (Rs.)*	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994	Service tax liability	52,974,061	AY 2014-2016	Custom, Excise, Income Tax Appellate Tribunal
Finance Act, 1994	Service tax liability	41,643,303	AY 2016-2018	Custom, Excise, Income Tax Appellate Tribunal

*These amounts are net of amount paid/adjusted under protest of Rs. 5,110,875.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks or debenture holders. The Company did not have any outstanding loans or borrowings from Government during the year.

Annexure A to the Independent Auditor's Report of even date on financial statements of Ess Kay Fincorp Limited (Continued)

- (ix) In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised. The Company has not raised any money by way of initial public offer or further public offer during the year.
- (x) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) According to the information and explanations given to us, in our opinion, the Company is not a nidhi company as prescribed under section 406 of the Act. Accordingly, the provision of clause 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, all the transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and the details of such transactions have been disclosed in the financial statements, as required by the applicable Indian Accounting Standard.

- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has complied with the provisions of section 42 of the Act in respect of the preferential allotment of equity shares during the year. According to the information and explanation given to us, we report that the amount raised of INR 20.34 lacs, pending utilization, has been temporarily invested in fixed deposit. As explained, the Company has not made any fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records, during the year the Company has not entered into any non-cash transactions with directors or persons connected with him and hence the provision of section 192 of the Act is not applicable.
- (xvi) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained certificate of registration dated 16 October 1998.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No. 101248W/W-100022

Sd/-

Ashwin Suvarna

Partner

Place: Mumbai

Date: 5 May 2021

Membership No. 109503

UDIN: 21109503AAAABE8323

- ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT -

Annexure B to the Independent Auditor's report on the financial statements of Ess Kay Fincorp Limited for the period ended 31 March 2021

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Ess Kay Fincorp Limited ("the Company") as of 31 March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements 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 (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 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 (hereinafter referred to as "the Act").

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 financial statements were established and maintained and whether 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 financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, 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 financial statements.

Meaning of Internal Financial controls with Reference to 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 include 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 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. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls 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.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Place: Mumbai
Date: 5 May 2021

Sd/-
Ashwin Suvarna
Partner
Membership No. 109503
UDIN: 21109503AAAABE8323

- AUDITOR'S ADDITIONAL REPORT -

To
The Board of Directors of
Ess Kay Fincorp Limited

Report on the Financial Statements

1. In addition to the report made under section 143 of the Companies Act, 2013 ('the Act') on the financial statements of Ess Kay Fincorp Limited ('the Company') for the year ended 31 March 2021 and as required by Master Direction on Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016 vide Master Direction DNBS. PPD.03/66.15.001/2016-17 dated 29 September 2016 (the 'Direction'), we report as follows on the matters specified in paragraph 3 and 4 of the said Directions to the extent applicable.

Management's Responsibility for the financial statements

2. The Company's management and Board of Directors are 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 state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows 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. 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 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.
3. The Company's management is responsible for ensuring that the Company complies with the requirements of the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company

(Reserve Bank) Directions, 2016 (the 'Master Direction'). This responsibility includes the design, implementation and maintenance of internal control relevant to the compliance with the Master Directions.

Auditor's Responsibility

4. Pursuant to the requirements of the Directions, it is our responsibility to provide reasonable assurance on whether the Company has complied with the matters specified in the Directions to the extent applicable to the Company.
5. We conducted our examination in accordance with the 'Guidance Note on Reports or Certificates issued for Special Purposes (Revised 2016)' issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, 'Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.'

Conclusion

7. Based on our examination of the financial statements as at and for the year ended 31 March 2021, books of accounts and records of the Company as produced for our examination and according to the information and explanations given to us we further report that:
 - i. The Company is engaged in the business of non-banking financial institution and it has obtained a certificate of registration from Reserve Bank of India ('RBI') under registration no. B-10.00080 dated 16 October 1998. Subsequent to name change of the Company to Ess Kay Fincorp Limited, the Company received a fresh registration no. B-10.00080 dated 26 October 2016, granting the Company permission to carry on the business of non-banking financial institution;
 - ii. The Company is entitled to continue to hold such certificate of registration in terms of its asset/ income pattern as on/ for the year ended 31 March 2021;

- iii. In our opinion and to the best of our information and according to the explanations given to us, the Company is meeting the required net owned fund requirement as laid down in the Master Direction.
- iv. The Board of Directors of the Company has passed a resolution in its meeting held on 22 April 2020 for non-acceptance of public deposits during the year ended 31 March 2021;
- v. The Company has not accepted any public deposits during year ended 31 March 2021;
- vi. With effect from 1 April 2018, as per the roadmap issued by the Ministry of Corporate Affairs for Non-Banking Finance Companies vide notification no.G.S.R 365(E) dated 30 March 2016, for financial reporting purposes, the Company has followed the Accounting Standards issued by the ICAI specified under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standard) Rules, 2015 (Ind AS). In our opinion and to the best of our information and according to the explanations given to us, the Company has complied with the income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as per Ind AS in the preparation of the financial statements for the year ended 31 March 2021;
- vii. In our opinion and to the best of our information and according to the explanations given to us, the Company being a Systemically Important Non-deposit taking NBFC as defined in paragraph 3 (xxx) of the Master Direction, for the year ended 31 March 2021:
 - a) The capital adequacy ratio as disclosed in the Note 51.1 of the financial statements for the year ended 31 March 2021, has been correctly arrived at and such ratio is in compliance with the minimum capital to risk assets ratio ('CRAR') prescribed by RBI. Further, as informed to us, the Company is yet to file the annual return with RBI in the form NBS-7 as at 31 March 2021; and
 - b) The Company has furnished to RBI, the provisional annual statement of capital funds, risk assets/exposures and risk asset ratio ('form NBS-7') for the year ended 31 March 2021 on 14 April 2021 within the stipulated period.
- viii. Based on the criteria set forth by RBI in paragraph 3 (xix) of the Master Direction for classification of NBFCs as NBFC – Micro Finance Institution ('NBFC-MFI'), the Company does not meet / meets the criteria to be classified as NBFC-MFI as defined in the aforesaid

Master Direction, with reference to the business carried on by it during the year ended 31 March 2021.

Restrictions of use

8. This Report is addressed to and provided to the Board of Directors solely to comply with the aforesaid Direction and for submission to RBI, if required and may not be suitable for any other purpose. Accordingly, our Report should not be quoted or referred to in any other document or made available to any other person or persons without our prior written consent. Also, we neither accept nor assume any duty or liability for any other purpose or to any other party to whom our Report is shown or into whose hands it may come without our prior consent in writing.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No. 101248W/W-100022

Sd/-

Ashwin Suvarna

Partner

Place: Mumbai

Date: 5 May 2021

Membership No. 109503

UDIN: 21109503AAAAABF4010

- BALANCE SHEET -

Ess Kay Fincorp Limited
Balance Sheet as at March 31, 2021

(Amount in Rs. in lakhs)

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
ASSETS			
Financial assets			
Cash and cash equivalents	4	23,331.49	6,236.85
Bank balance other than cash and cash equivalents	5	38,510.14	37,044.98
Receivables			
Other receivables	6	447.30	0.30
Loans	7	3,27,989.60	2,85,001.04
Investments	8	25,887.65	13,836.90
Other financial assets	9	3,914.07	3,451.28
Total financial assets		4,20,080.25	3,45,571.35
Non-financial assets			
Current tax assets (net)		30.86	93.09
Deferred tax assets (net)	34	3,888.27	1,931.92
Property, plant and equipment	10	5,601.55	4,210.18
Capital work-in-progress	11	42.85	266.72
Intangible assets under development	12	89.35	82.80
Other intangible assets	13	118.15	50.55
Other non-financial assets	14	351.97	437.38
Total non-financial assets		10,123.00	7,072.64
Total assets		4,30,203.25	3,52,643.99
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Derivative financial instruments	15	50.59	545.00
Debt securities	16	1,52,032.09	1,26,014.13
Borrowings (other than debt securities)	17	1,66,373.79	1,25,571.17
Subordinated liabilities	18	4,029.39	4,047.72
Other financial liabilities	19	8,739.51	7,201.67
Total financial liabilities		3,31,225.37	2,63,379.69
Non-financial liabilities			
Current tax liabilities (net)		657.82	301.68
Provisions	20	553.71	740.03
Other non-financial liabilities	21	618.64	349.84
Total non-financial liabilities		1,830.17	1,391.55
EQUITY			
Equity share capital	22	521.78	503.90
Other equity	23	96,625.93	87,368.85
Total equity		97,147.71	87,872.75
Total liabilities and equity		4,30,203.25	3,52,643.99
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 **B S R & Co. LLP**

Chartered Accountants

Firm Registration No: 101248W/W-100022

Ashwin Suvarna

Partner

ICAI Membership No. 109503

For and on behalf of the Board of Directors of

Ess Kay Fincorp Limited
Rajendra Kumar Setia

(Managing Director)

DIN – 00957374

Atul Arora

(Chief Financial Officer)

Shalini Setia

(Whole Time Director)

DIN – 02817624

Anagha Bangur

(Company Secretary)

Place : Mumbai

Date : May 5, 2021

Place : Jaipur

Date : May 5, 2021

Ess Kay Fincorp Limited
Statement of Profit and Loss for the year ended March 31, 2021

(Amount in Rs. in lakhs)

	Particulars	Note No.	For the year ended March 31, 2021	For the year ended March 31, 2020
	Revenue from operation			
	Interest income	24	65,388.40	54,544.50
	Fees and commission income	25	1,450.64	1,951.52
	Net gain on fair value changes	26	1,315.84	752.94
(I)	Total revenue from operations		68,154.88	57,248.96
(II)	Other income	27	963.45	991.31
(III)	Total income (I+II)		69,118.33	58,240.27
	Expenses			
	Finance costs	28	29,701.27	23,248.45
	Impairment on financial instruments	29	9,278.75	8,997.98
	Employee benefit expenses	30	12,739.75	10,571.01
	Depreciation and amortization	31	1,133.31	817.53
	Other expenses	32	3,923.60	4,054.83
(IV)	Total expenses		56,776.68	47,689.80
(V)	Profit before tax (III-IV)		12,341.65	10,550.47
(VI)	Tax expense	34		
	(1) Current tax		4,295.40	3,874.32
	(2) Tax related to earlier years		895.34	-
	(3) Deferred tax		(1,957.50)	(1,177.52)
	Total tax expense		3,233.24	2,696.80
(VII)	Profit for the year (V-VI)		9,108.41	7,853.67
(VIII)	Other comprehensive income	34		
	Items that will not be reclassified to profit or loss			
	- Remeasurements of the defined benefit plans		4.55	8.02
	Income tax relating to items that will not be reclassified to profit or loss		(1.15)	(2.02)
	Other comprehensive income		3.40	6.00
(IX)	Total comprehensive income for the year (VII+VIII) (comprising profit and other comprehensive income for the year)		9,111.81	7,859.67
(X)	Earnings per equity share	35		
	Basic (Rs.)		36.14	33.00
	Diluted (Rs.)		35.80	32.68
	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 **B S R & Co. LLP**

Chartered Accountants

Firm Registration No: 101248W/W-100022

Ashwin Suvarna

Partner

ICAI Membership No. 109503

For and on behalf of the Board of Directors of

Ess Kay Fincorp Limited
Rajendra Kumar Setia

(Managing Director)

DIN – 00957374

Atul Arora

(Chief Financial Officer)

Shalini Setia

(Whole Time Director)

DIN – 02817624

Anagha Bangur

(Company Secretary)

Place : Mumbai

Date : May 5, 2021

Place : Jaipur

Date : May 5, 2021

Ess Kay Fincorp Limited

Statement of Cash Flow for the year ended March 31, 2021

(Amount in Rs. in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Cash flow from operating activities		
Profit before tax	12,341.65	10,550.47
Adjustments for		
Loss/(profit) on sale of fixed asset	20.45	(0.36)
Finance cost incurred	29,701.27	23,248.45
Interest income accrued	(65,388.40)	(54,544.50)
(Gain)/loss on direct assignment transaction	(111.33)	263.85
Net gain on investments and derivatives	(814.64)	(752.94)
Impairment on financial instruments	9,278.75	8,997.98
Employee share based payment expenses	133.45	178.63
Depreciation and amortization	1,133.31	817.53
Operating cash used before working capital changes	(13,705.49)	(11,240.89)
Adjustments for working capital changes:		
(Increase)/decrease in trade receivables	(447.00)	2.35
Increase in loans	(49,473.24)	(1,09,346.15)
Decrease/(increase) in other financial assets	(659.78)	696.18
Increase in other non-financial assets	85.41	(69.69)
Increase/(decrease) in other financial liabilities	1,846.16	(405.40)
(Decrease)/increase in provisions	(181.77)	169.20
Increase in other non-financial liabilities	268.80	10.46
Finance cost paid	(30,429.96)	(23,053.60)
Interest income received	60,840.52	46,767.57
Cash generated from operations	(31,856.35)	(96,469.97)
Direct taxes paid (net of refunds)	(4,772.37)	(3,640.55)
Net cash used in operating activities (A)	(36,628.72)	(1,00,110.52)
Cash flow from investing activities		
Purchase of property plant and equipment, capital work in progress and other intangible assets	(2,423.03)	(2,163.44)
Proceeds from sale of property plant and equipment	27.62	14.34
Investment in Fixed deposits	(1,00,399.13)	(88,022.03)
Proceeds from redemption of fixed deposits	1,00,687.81	75,427.89
Purchase of Investments	(45,432.14)	(41,110.00)
Proceeds from redemptions of investments	34,196.03	29,255.03
Net cash used in investing activities (B)	(13,342.84)	(26,598.21)
Cash flow from financing activities		
Proceeds from issue of shares and securities premium	29.70	23,500.00
Debt securities issued	1,01,830.00	90,250.00
Debt securities repaid	(75,986.81)	(35,316.66)
Borrowings other than debt securities taken	1,46,464.27	87,230.01
Borrowings other than debt securities repaid	(1,05,270.96)	(40,124.06)
Net cash generated from financing activities (C)	67,066.20	1,25,539.29
Net increase/(decrease) in cash and cash equivalents (A+B+C)	17,094.64	(1,169.44)
Add : cash and cash equivalents as at the beginning of the year	6,236.85	7,406.29
Cash and cash equivalents as at the end of the year*	23,331.49	6,236.85
*Components of cash and cash equivalents		
Balances with banks	5,869.11	6,135.85
Fixed deposits on hand	16,696.46	31.32
Cash on hand	765.92	69.68
	23,331.49	6,236.85

Ess Kay Fincorp Limited
Statement of Cash Flow (Continued) for the year ended March 31, 2021
Change in liabilities arising from financing activities

(Amount in Rs. in lakhs)

Particulars	As at April 1, 2019	Issued/ taken	Repaid	Non-cash changes	As at March 31, 2020	Issued/ taken	Repaid	Non- cash changes	As at March 31, 2021
Debt securities	71,492.05	90,250.00	(35,316.66)	(411.26)	1,26,014.13	1,01,830.00	(75,986.81)	174.77	1,52,032.09
Borrowings (other than debt securities)	78,520.82	87,230.01	(40,124.06)	(55.54)	1,25,571.17	1,46,464.27	(1,05,109.15)	(552.50)	1,66,373.79
Subordinated liabilities	4,045.79	-	-	1.94	4,047.72	-	(161.82)	143.49	4,029.39
Total	1,54,058.66	1,77,480.01	(75,440.72)	(464.86)	2,55,633.02	2,48,294.27	(1,81,257.78)	(234.24)	3,22,435.27

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 **B S R & Co. LLP**

Chartered Accountants

Firm Registration No: 101248W/W-100022

Ashwin Suvarna

Partner

ICAI Membership No. 109503

For and on behalf of the Board of Directors of

Ess Kay Fincorp Limited
Rajendra Kumar Setia

(Managing Director)

DIN – 00957374

Atul Arora

(Chief Financial Officer)

Place : Jaipur

Date : May 5, 2021

Shalini Setia

(Whole Time Director)

DIN – 02817624

Anagha Bangur

(Company Secretary)

Place : Mumbai

Date : May 5, 2021

Ess Kay Fincorp Limited

Statement of Changes in Equity for the year ended March 31, 2021

(Amount in Rs. in lakhs)

A. Equity share capital

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the reporting year	503.90	460.32
Changes in equity share capital during the year	17.88	43.58
Balance at the end of the reporting year	521.78	503.90

B. Other equity

Particulars	Reserves and surplus				Total
	Statutory reserve u/s 45-IC (I) of Reserve Bank of India Act, 1934	Securities premium account	Share options outstanding account	Retained earnings	
Balance as at April 1, 2019	2,653.15	41,791.36	82.92	11,346.70	55,874.13
Profit for the year (Net of tax)	-	-	-	7,853.67	7,853.67
Other comprehensive income for the year (Net of tax)	-	-	-	6.00	6.00
Total Comprehensive income for the year ended March 31, 2020	-	-	-	7,859.67	7,859.67
Transfer/utilizations					
Transfer to statutory reserve u/s 45 IC of the RBI Act, 1934	1,570.73	-	-	(1,570.73)	-
Premium on issue of shares	-	23,456.42	-	-	23,456.42
Share based payment	-	-	178.63	-	178.63
Balance as at March 31, 2020	4,223.88	65,247.78	261.55	17,635.64	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	-	-	-	9,111.81	9,111.81

Ess Kay Fincorp Limited
Statement of Changes in Equity (Continued) for the year ended March 31, 2021

(Amount in Rs. in lakhs)

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	
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	24,925.77	96,625.93

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 **B S R & Co. LLP**

Chartered Accountants

Firm Registration No: 101248W/W-100022

Ashwin Suvarna

Partner

ICAI Membership No. 109503

For and on behalf of the Board of Directors of
Ess Kay Fincorp Limited
Rajendra Kumar Setia

(Managing Director)

DIN – 00957374

Atul Arora

(Chief Financial Officer)

Place : Jaipur

Date : May 5, 2021

Shalini Setia

(Whole Time Director)

DIN – 02817624

Anagha Bangur

(Company Secretary)

Place : Mumbai

Date : May 5, 2021

- NOTES TO THE FINANCIAL STATEMENT -

Note 1 – Corporate Information

Ess Kay Fincorp Limited ("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 financial statements of the Company have been prepared in accordance with the Indian Accounting Standards ('IND AS') as per the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) notified under Section 133 of the Companies Act, 2013 ('the Act') in conformity with the accounting principles generally accepted in India and other relevant provisions of the Act. Any application guidance/ clarifications/ directions issued by RBI or other regulators are implemented as and when they are issued/ applicable.

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements.

These financial statements were approved by the Company's Board of Directors and authorized for issue in their meeting held on May 5, 2021.

b) Basis of measurement and presentation of financial statements

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.

The Balance Sheet, the Statement of Changes in Equity and the Statement of Profit and Loss are presented in the format prescribed under Division III of Schedule III of the Act, as amended from time to time, for Non-Banking Financial Companies ('NBFCs') that are required to comply with Ind-AS. The Statement of Cash Flows has been presented as per the requirements of Ind-AS 7 Statement of Cash Flows.

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-financial assets and cost of assets not put 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.

iii. Depreciation, estimated useful lives and residual value

Depreciation 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.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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. 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.

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 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:

(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. Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR and 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. Foreign exchange gains/losses are recognised in 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. Foreign exchange gains/losses are recognised in statement of profit and loss. 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 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:

- 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 a 'pass-through' 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-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

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.

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. 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 direct 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 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 late payment interest are recognized on accrual basis, except in case of cheque bouncing charges, foreclosure charges which are accounted as and when received.

Income from investments are recognised on accrual basis as the investments are classified as fair value through profit and loss.

Income from other support services is accounted on accrual basis.

N. 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 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.

O. 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. 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 assets and liabilities are recognised for the future tax consequences of temporary differences being the difference between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent period.

MAT credit available is recognised as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward.

Deferred tax assets arising mainly on account of carry forward losses and unabsorbed depreciation under tax laws are recognised only if there is reasonable certainty of its realisation, supported by convincing evidence.

Deferred tax assets on account of other temporary differences are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the Balance Sheet date. Changes in deferred tax assets / liabilities on account of changes in enacted tax rates are given effect to in the statement of profit and loss in the period of the change. The carrying amount of deferred tax assets are reviewed at each Balance Sheet date.

Deferred tax assets and deferred tax liabilities are off set when there is a legally enforceable right to set-off assets against liabilities representing current tax and where the deferred tax assets and deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

P. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity 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.

Q. 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 an expense in statement of profit and loss over the lease term. The related cash flows are classified as operating activities.

R. 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.

S. 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.

T. 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.

U. 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.

V. 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.

W. 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 drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

X. 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.

Y. Exceptional items

When items of income and expenses within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such items is disclosed separately as Exceptional items.

Z. Amendments to existing IND AS

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

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 assets

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 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.

Ess Kay Fincorp Limited
Notes to the Financial Statement (Continued) as at March 31, 2021

(Amount in Rs. in lakhs)

4 Cash and cash equivalents

Particulars	As at March 31, 2021	As at March 31, 2020
Cash on hand	765.92	69.68
Balances with banks		
(i) In current account	5,869.11	6,135.85
(ii) In term deposits with original maturity of 3 months or less	16,696.46	31.32
Total	23,331.49	6,236.85

5 Bank balances other than cash and cash equivalents

Particulars	As at March 31, 2021	As at March 31, 2020
Freehold deposits with banks	30,766.00	31,900.00
Balances with banks to the extent held as margin money or security against the borrowings *	6,133.90	4,670.66
Interest accrued but not received on fixed deposit	1,610.24	474.32
Total	38,510.14	37,044.98

* Balances with banks held as security against borrowings amounts to Rs. 2,015.87 lakhs (March 31, 2020: Rs. 1,276.07 lakhs) and as cash collateral for securitisation of receivables amounts to Rs. 4,118.03 lacs (March 31, 2020: Rs. 3,394.59 lakhs).

6 Receivables

Particulars	As at March 31, 2021	As at March 31, 2020
Other receivables		
Receivables considered good - unsecured	447.30	0.30
Total	447.30	0.30

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.

Ess Kay Fincorp Limited**Notes to the Financial Statement (Continued) as at March 31, 2021**

(Amount in Rs. in lakhs)

7 Loans

Particulars	As at March 31, 2021	As at March 31, 2020
A. Loans - Amortised cost		
(a) Loans	3,42,236.09	2,94,832.88
(b) Others		
- Trade advances	883.17	371.81
- Retained interest under direct assignments	1,118.98	1,555.82
Total - Gross (A)	3,44,238.24	2,96,760.51
Less: Impairment loss allowance	(16,248.64)	(11,759.47)
Total - Net (A)	3,27,989.60	2,85,001.04
B. Secured/ Unsecured		
(a) Secured by tangible assets	3,38,029.93	2,94,162.52
(b) Unsecured	6,208.31	2,597.99
Total - Gross (B)	3,44,238.24	2,96,760.51
Less: Impairment loss allowance	(16,248.64)	(11,759.47)
Total - Net (B)	3,27,989.60	2,85,001.04
C. (i) Loans in India		
(a) Public sector	-	-
(b) Others	3,44,238.24	2,96,760.51
Total - Gross C	3,44,238.24	2,96,760.51
Less: Impairment loss allowance	(16,248.64)	(11,759.47)
Total (Net) - C (i)	3,27,989.60	2,85,001.04
(ii) Loans outside India		
Less: Impairment loss allowance	-	-
Total (Net) - C (ii)	-	-
Total (Net) - C (i+ii)	3,27,989.60	2,85,001.04

8 Investments

Particulars	As at March 31, 2021	As at March 31, 2020
In India		
At fair value through profit and loss account		
Mutual funds units	16,105.74	13,836.90
Corporate bonds	9,781.91	-
	25,887.65	13,836.90
Less: Impairment loss allowance	-	-
Total	25,887.65	13,836.90

9 Other financial assets

Particulars	As at March 31, 2021	As at March 31, 2020
Other advances recoverable	547.70	867.60
Interest receivable on direct assignments	2,263.98	2,460.97
Ex-gratia interest receivables	914.96	-
Security deposits	187.43	122.71
Total	3,914.07	3,451.28

Ess Kay Fincorp Limited
Notes to the Financial Statement (Continued) as at March 31, 2021

(Amount in Rs. in lakhs)

10 Property, plant and equipment

Particulars	Land	Furniture and fixtures	Vehicles	Office equipment	Computers	Right of use assets	Total
Balance as at April 1, 2019	8.88	560.83	433.41	208.12	326.42	2,248.36	3,786.02
Additions	-	254.43	85.35	208.53	198.07	1,031.30	1,777.68
Disposals	-	-	(15.31)	-	(0.30)	-	(15.61)
Balance as at March 31, 2020	8.88	815.26	503.45	416.65	524.19	3,279.66	5,548.09
Balance as at April 1, 2019	-	61.87	61.97	40.46	98.94	310.19	573.43
Depreciation for the year	-	80.67	61.39	61.61	110.32	452.12	766.11
Disposals	-	-	(1.63)	-	-	-	(1.63)
Balance as at March 31, 2020	-	142.54	121.73	102.07	209.26	762.31	1,337.91
Net carrying amount as at March 31, 2020	8.88	672.72	381.72	314.58	314.93	2,517.35	4,210.18
Balance as at April 1, 2020	8.88	815.26	503.45	416.65	524.19	3,279.66	5,548.09
Additions	-	325.06	22.68	213.02	321.43	1,644.26	2,526.45
Disposals	-	-	(56.68)	(3.92)	-	-	(60.60)
Balance as at March 31, 2021	8.88	1,140.32	469.45	625.75	845.62	4,923.92	8,013.94
Accumulated depreciation as at April 1, 2020	-	142.54	121.73	102.07	209.26	762.31	1,337.91
Depreciation for the year	-	99.15	68.93	93.65	154.64	678.16	1,094.53
Disposals	-	-	(17.88)	(2.17)	-	-	(20.05)
Accumulated depreciation as at March 31, 2021	-	241.69	172.78	193.55	363.90	1,440.47	2,412.39
Net carrying amount as at March 31, 2021	8.88	898.63	296.67	432.20	481.72	3,483.45	5,601.55

Ess Kay Fincorp Limited

Notes to the Financial Statement (Continued) as at March 31, 2021

(Amount in Rs. in lakhs)

11 Capital work-in-progress

Particulars	As at March 31, 2021	As at March 31, 2020
Capital work-in-progress	42.85	266.72
Total	42.85	266.72

12 Intangible assets under development

Particulars	As at March 31, 2021	As at March 31, 2020
Intangible assets under development	89.35	82.80
Total	89.35	82.80

13 Other intangible assets

Particulars	Computer software	Total
Balance as at April 1, 2019	88.71	88.71
Additions	42.54	42.54
Disposals	-	-
Balance as at March 31, 2020	131.25	131.25
Balance as at April 1, 2019	29.28	29.28
Amortization for the year	51.42	51.42
Disposals	-	-
Balance as at March 31, 2020	80.70	80.70
Net carrying amount as at March 31, 2020	50.55	50.55
Balance as at April 1, 2020	131.25	131.25
Additions	113.90	113.90
Disposals	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	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

Ess Kay Fincorp Limited
Notes to the Financial Statement (Continued) as at March 31, 2021

(Amount in Rs. in lakhs)

14 Other non-financial assets

Particulars	As at March 31, 2021	As at March 31, 2020
Prepaid expenses	228.49	205.97
Balances with statutory / government authorities	89.53	189.77
Advance salary to staff	33.95	41.64
Total	351.97	437.38

15 Derivative financial instruments

The Company has embedded option liability in the form of embedded derivative in market linked debentures.

The table below shows the fair values of derivative financial instruments recorded as liabilities together with their notional amounts.

Particulars	As at March 31, 2021	As at March 31, 2020
Part I		
Embedded options on market linked debentures	50.59	545.00
Total derivative financial instruments	50.59	545.00
Part II		
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:		
Undesignated derivatives	50.59	545.00
Total derivative financial instruments	50.59	545.00
Notional value of derivative financial instruments : Not applicable		

Ess Kay Fincorp Limited

Notes to the Financial Statement (Continued) as at March 31, 2021

(Amount in Rs. in lakhs)

16 Debt securities

Particulars	As at March 31, 2021	As at March 31, 2020
At amortized cost		
Secured non-convertible debentures	1,15,897.23	1,10,171.31
Secured nifty linked debentures	34,140.87	10,532.69
Unsecured non-convertible debentures	1,993.99	1,989.38
Unsecured nifty linked debentures	-	3,320.75
Total (A)	1,52,032.09	1,26,014.13
Debt securities in India	1,52,032.09	1,26,014.13
Debt securities outside India	-	-
Total (B)	1,52,032.09	1,26,014.13

Nature of security

Debentures are secured by mortgage of 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 Rs. 16,000.00 lakhs (March 31, 2020 Rs. 32,500.00 lakhs)

Terms of repayment schedule of secured privately placed non-convertible redeemable debentures

Maturity schedule	Interest rate range		Carrying Amount	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Maturity within 1 year	8.88% - 11.50%	11.00% - 11.00%	10,529.33	2,783.89
Maturity between 1 to 3 years	9.25% - 11.71%	10.90% - 11.95%	67,064.33	34,771.77
Maturity between 3 to 5 years	9.57% - 10.18%	10.18% - 11.71%	32,250.65	74,343.93
Maturity greater than 5 years	11.09% - 11.09%	-	7,006.56	-
Total			1,16,850.87	1,11,899.59
Less Unamortized finance cost			(953.64)	(1,728.28)
Total Amortized Cost			1,15,897.23	1,10,171.31

Ess Kay Fincorp Limited
Notes to the Financial Statement (Continued) as at March 31, 2021

(Amount in Rs. in lakhs)

Terms of repayment schedule of secured privately placed nifty linked non-convertible redeemable debentures

Maturity schedule	Interest rate range		Carrying Amount	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Maturity within 1 year	10.35% - 10.93%	11.16% - 11.16%	11,455.89	892.39
Maturity between 1 to 3 years	8.56% - 10.03%	10.93% - 12.75%	23,291.28	9,747.69
Total			34,747.17	10,640.08
Less Unamortized finance cost			(606.30)	(107.39)
Total Amortized Cost			34,140.87	10,532.69

Terms of repayment schedule of unsecured privately placed non-convertible redeemable debentures

Maturity schedule	Interest rate range		Carrying Amount	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Maturity between 1 to 3 years	12.41% - 12.41%	12.41% - 12.41%	2,000.71	2,000.00
Total			2,000.71	2,000.00
Less Unamortized finance cost			(6.72)	(10.62)
Total Amortized Cost			1,993.99	1,989.38

Terms of repayment schedule of unsecured privately placed nifty linked non-convertible redeemable debentures

Maturity schedule	Interest rate range		Carrying Amount	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Maturity within 1 year	-	11.75% - 11.75%	-	3,329.11
Total			-	3,329.11
Less Unamortized finance cost			-	(8.36)
Total Amortized Cost			-	3,320.75

Ess Kay Fincorp Limited

Notes to the Financial Statement (Continued) as at March 31, 2021

(Amount in Rs. in lakhs)

17 Borrowings (other than debt securities)

Particulars	As at March 31, 2021	As at March 31, 2020
At amortized cost - secured		
Term loans - secured		
from banks	85,252.15	44,718.54
from other parties	26,709.53	19,629.04
External commercial borrowings	7,522.53	-
Term loan from other parties - unsecured	4,754.28	-
Loans repayable on demand - secured		
from banks (cash credit facilities and working capital demand loans)	9,414.61	26,404.41
Other loans		
Associated liabilities in respect of securitization transactions - secured	32,720.69	34,819.18
Total (A)	1,66,373.79	1,25,571.17
Borrowings in India	1,58,851.26	1,25,571.17
Borrowings outside India	7,522.53	-
Total (B)	1,66,373.79	1,25,571.17
Secured borrowings	1,61,619.51	1,25,571.17
Unsecured borrowings	4,754.28	-
Total (C)	1,66,373.79	1,25,571.17

Nature of security

- Term loans are secured by way of hypothecation of loans assets and fixed deposits along with personal guarantees of directors. The total amount of personal guarantee given by directors and others against the term loans amounts to Rs. 89,341.33 lakhs (March 31, 2020 Rs. 40,465.70 lakhs)
- External commercial borrowings are secured by a first exclusive charge by way of hypothecation of book debts and receivables. For External commercial borrowing the Company had appointed Indusind bank to act as a as authorised dealer for USD 10 million (Rs. 7,331 lakhs) at the coupon rate of 10.85% (i.e. XIRR - 10.57%) repayable in half yearly frequency in Indian Rupees with the maturity of December 2025.
- Cash credit facilities and working capital demand loans from banks are secured by way of hypothecation of the Company's loan assets and fixed deposits along with personal guarantees of directors. The total amount of personal guarantee given by directors and others against the cash credit facilities and working capital demand loans amounts to Rs. 5,429.09 lakhs (March 31, 2020 Rs. 6,054.16 lakhs).
- Loans from PTC investors represents amounts received in respect of securitization transactions (net of repayments and investment therein) as these transactions do not meet the derecognition criteria specified under IND AS. These are secured by way of hypothecation of designated loans assets receivables.

Ess Kay Fincorp Limited
Notes to the Financial Statement (Continued) as at March 31, 2021

(Amount in Rs. in lakhs)

Terms of repayment schedule of term loans from bank

Maturity schedule	Interest rate range		Carrying Amount	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Maturity within 1 year	6.32% - 11.25%	9.00% - 11.55%	3,613.16	3,903.24
Maturity between 1 to 3 years	7.00% - 12.75%	10.35% - 12.75%	52,239.37	33,343.80
Maturity between 3 to 5 years	8.60% - 10.30%	8.90% - 10.80%	30,025.20	7,768.64
Total			85,877.72	45,015.67
Less Unamortized finance cost			(625.57)	(297.13)
Total Amortized Cost			85,252.15	44,718.54

Terms of repayment schedule of term loans from other parties

Maturity schedule	Interest rate range		Carrying Amount	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Maturity within 1 year	10.50% - 12.00%	9.04% - 11.75%	3,787.52	2,907.17
Maturity between 1 to 3 years	5.83% - 11.80%	10.50% - 12.00%	20,021.55	14,131.13
Maturity between 3 to 5 years	9.75% - 11.75%	11.25% - 11.75%	3,009.62	2,625.97
Total			26,818.69	19,664.28
Less Unamortized finance cost			(109.16)	(35.24)
Total Amortized Cost			26,709.53	19,629.04

Terms of repayment schedule of external commercial borrowings

Maturity schedule	Interest rate range		Carrying Amount	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Maturity between 3 to 5 years	10.57% - 10.57%	-	7,529.31	-
Total			7,529.31	-
Less Unamortized finance cost			(6.78)	-
Total Amortized Cost			7,522.53	-

Ess Kay Fincorp Limited

Notes to the Financial Statement (Continued) as at March 31, 2021

(Amount in Rs. in lakhs)

Terms of repayment schedule of unsecured term loans from other parties

Maturity schedule	Interest rate range		Carrying Amount	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Maturity between 1 to 3 years	12.00% - 12.00%	-	4,773.93	-
Total			4,773.93	-
Less Unamortized finance cost			(19.65)	-
Total Amortized Cost			4,754.28	-

Terms of repayment schedule of associated liabilities related to securitization transactions

Maturity schedule	Interest rate range		Carrying Amount	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Maturity within 1 year	9.00% - 12.00%	10.40% - 10.40%	6,591.13	251.54
Maturity between 1 to 3 years	9.00% - 11.60%	9.50% - 13.50%	22,569.34	29,778.89
Maturity between 3 to 5 years	-	12.00% - 12.00%	-	4,788.75
Maturity greater than 5 years	9.75% - 9.75%	-	3,663.44	-
Total			32,823.90	34,819.18
Less Unamortized finance cost			(103.21)	-
Total Amortized Cost			32,720.69	34,819.18

18 Subordinated liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
At amortized cost		
(A) Perpetual debt instruments (Tier I capital) to the extent that do not qualify as equity		
Others (Tier II capital)		
- Redeemable subordinate debt instruments to the extent that do not qualify as equity	2,035.15	2,031.04
- From banks (subordinated debts)	1,994.24	2,016.68
Total (A)	4,029.39	4,047.72
Subordinated debts in India	4,029.39	4,047.72
Subordinated debts outside India	-	-
Total (B)	4,029.39	4,047.72

Ess Kay Fincorp Limited
Notes to the Financial Statement (Continued) as at March 31, 2021

(Amount in Rs. in lakhs)

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, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Maturity between 1 to 3 years	13.50% - 13.50%	13.50% - 13.50%	2,041.38	2,039.94
Total			2,041.38	2,039.94
Less Unamortized finance cost			(6.23)	(8.90)
Total Amortized Cost			2,035.15	2,031.04

Terms of repayment schedule of from banks (subordinated debts)

Maturity schedule	Interest rate range		Carrying Amount	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Maturity within 1 year	13.98% - 13.98%	-	2,000.00	-
Maturity between 1 to 3 years	-	13.98% - 13.98%	-	2,023.74
Total			2,000.00	2,023.74
Less Unamortized finance cost			(5.76)	(7.06)
Total Amortized Cost			1,994.24	2,016.68

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 Rs. 10,00,000/- each, aggregating up to Rs.200,000,000/- on January 31, 2017, which are redeemable on February 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 Rs. 10,00,000/- each, aggregating up to Rs.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.

Ess Kay Fincorp Limited

Notes to the Financial Statement (Continued) as at March 31, 2021

(Amount in Rs. in lakhs)

19 Other financial liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Lease liability	3,123.87	2,368.33
Creditors for other expenses	2,717.61	1,804.88
Interest payable on direct assignments	1,115.44	1,423.76
Advances received from customers	649.44	629.42
Pending remittance on assignments	956.87	975.22
Temporary credit balance in bank accounts	176.23	-
Unclaimed dividend	0.05	0.06
Total	8,739.51	7,201.67

20 Provisions

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits		
Gratuity (refer note 41)	471.96	352.00
Compensated absences (refer note 41)	81.75	388.03
Total	553.71	740.03

21 Other non-financial liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory dues payables	618.64	349.84
Total	618.64	349.84

Ess Kay Fincorp Limited
Notes to the Financial Statement (Continued) as at March 31, 2021

(Amount in Rs. in lakhs)

22 Equity share capital

Particulars	As at March 31, 2021	As at March 31, 2020
Authorized*		
287.5 lakhs (March 31, 2020: 287.5 lakhs) equity shares of Rs.2 each fully paid up with voting rights	575.00	575.00
Issued and subscribed		
262.16 lakhs (March 31, 2020: 251.95 lakhs) equity shares of Rs.2 each	524.32	503.90
Paid up (fully paid)		
251.99 lakhs (March 31, 2020: 251.95 lakhs) equity shares of Rs.2 each	503.97	503.90
Paid up (partly paid)		
10.17 lakhs (March 31, 2020: Nil) equity shares of Rs.2 each (partly paid up: Rs. 1.75 each)	17.81	-

a. Reconciliation of number of shares outstanding at the beginning and at the end of the year :

Particulars	No. of shares (In lakhs)	Amount
Equity shares of Rs 2 each, fully paid-up		
Balance as at April 1, 2019	230.16	460.32
Add/(less) : Movement during the year	21.79	43.58
As at March 31, 2020	251.95	503.90
Add/(less) : Movement during the year	0.04	0.07
As at March 31, 2021	251.99	503.97
Equity shares of Rs 2 each, partly paid-up		
Balance as at April 1, 2019	-	-
Add/(less) : Movement during the year	-	-
As at March 31, 2020	-	-
Add/(less) : Movement during the year	10.17	17.81
As at March 31, 2021	10.17	17.81

Ess Kay Fincorp Limited**Notes to the Financial Statement (Continued) as at March 31, 2021**

(Amount in Rs. in lakhs)

b. Rights, preferences and restrictions attached to equity shares

The Company has only one class of outstanding equity shares having a par value of Rs. 2 per share. Each shareholder is entitled to one vote per 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, 2021		As at March 31, 2020	
	Number of shares (in lakhs)	% Holding	Number of shares (in lakhs)	% Holding
Equity shares				
Rajendra Kumar Setia	113.45	43.00%	103.28	40.99%
Norwest Venture Partners X – Mauritius	62.76	24.06%	62.76	24.91%
Baring Private Equity India AIF	15.40	5.90%	15.40	6.11%
Evolve Invest	19.00	7.28%	19.00	7.54%
TPG Growth IV	43.89	16.82%	43.89	17.42%
Total	254.50	97.07%	244.33	96.98%

d. Number of shares reserved for share options

Particulars	As at March 31, 2021	As at March 31, 2020
Equity shares of Rs. 2 fully paid up		
Number of shares reserved for ESOPs	4.03	4.06

- e. During the current year, the Company has issued 10.17 lakh equity share (partly paid up), of face value of Rs. 2 each at a premium of Rs. 723.59 per equity share, with Rs. 2 paid up issue of shares (including a premium of Rs. 0.25 per partly paid up equity share) on private placement basis. During the year ended March 31, 2020, the Company has issued 21.79 lakh equity shares (fully paid up) having face value of Rs 2 each at a premium of Rs. 1,076.62 per equity shares.

f. Shares allotted as fully paid-up without payment being received in cash / by way of bonus shares:-

The Company has not issued bonus shares or shares for consideration other than cash during the five year period immediately preceding the reporting date.

g. Shares bought back :-

Company has not bought back any of its securities during the five year period immediately preceding the reporting date.

Ess Kay Fincorp Limited
Notes to the Financial Statement (Continued) as at March 31, 2021

(Amount in Rs. in lakhs)

23 Other equity

Particulars	As at March 31, 2021	As at March 31, 2020
Securities premium account	65,263.25	65,247.78
Share options outstanding account	391.35	261.55
Statutory reserve u/s 45-IC (1) of RBI act,1934	6,045.56	4,223.88
Retained earnings	24,925.77	17,635.64
Total	96,625.93	87,368.85

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, for issue to employees through ESOP schemes. on the approval of nomination and remuneration committee (NRC), each ESOP scheme is announced. The NRC has approved stock option schemes on October 15, 2018. Under the term of the scheme, the Company may issue stock option to employees of the Company, each of which consist of one equity shares.

Such option vest at a 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 36 months from the date of vesting for ESOP Schemes.

Retained earnings

Retained earnings represents surplus/accumulated earnings of the Company and are available for distribution to shareholders.

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.

Ess Kay Fincorp Limited**Notes to the Financial Statement (Continued) as at March 31, 2021**

(Amount in Rs. in lakhs)

23.2 Other equity movement

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Securities premium account		
Opening balance	65,247.78	41,791.36
Addition during the year	15.47	23,456.42
Closing balance	65,263.25	65,247.78
(ii) Share options outstanding account		
Opening balance	261.55	82.92
Addition during the year	133.45	178.63
Transfer to securities premium account	(3.65)	-
Closing balance	391.35	261.55
(iii) Retained earnings		
Opening balance	17,635.64	11,346.70
Net profit for the year	9,108.41	7,853.67
Remeasurement gain on defined benefit plans	3.40	6.00
Transfer to statutory reserve	(1,821.68)	(1,570.73)
Closing balance	24,925.77	17,635.64
(iv) Statutory reserve u/s 45 IC of the RBI Act, 1934		
Opening balance	4,223.88	2,653.15
Transfer from retained earnings	1,821.68	1,570.73
Closing balance	6,045.56	4,223.88

24 Interest income

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Financial assets measured at amortised cost		
Interest income on financial assets measured at amortised cost	61,647.34	50,192.66
Interest on fixed deposits	2,889.76	2,461.96
Other interest income		
On assignments and securitization	851.30	1,889.88
Total	65,388.40	54,544.50

Ess Kay Fincorp Limited
Notes to the Financial Statement (Continued) as at March 31, 2021

(Amount in Rs. in lakhs)

25 Fees and commission income

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Foreclosure and other charges	1,450.64	1,951.52
Total	1,450.64	1,951.52

26 Net gain on fair value changes

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Net gain on financial instruments at fair value through profit or loss		
On trading portfolio		
-Investments	814.64	387.33
-Derivative contracts	501.20	365.61
Total net gain on fair value changes	1,315.84	752.94
Fair value changes:		
-Realized	784.90	65.85
-Unrealized	530.94	687.09
Total net gain on fair value changes	1,315.84	752.94

27 Other income

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Income from support services	660.79	987.85
Liability no longer required written back (refer note 41)	301.17	-
Miscellaneous income	1.49	3.46
Total	963.45	991.31

28 Finance costs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
At amortized cost		
Interest on borrowings	11,229.90	11,497.92
Interest on debt securities	15,278.27	9,961.73
Interest on subordinated liabilities	523.29	539.28
Other borrowing costs	2,191.95	998.28
Other interest expenses	477.86	251.24
Total	29,701.27	23,248.45

Ess Kay Fincorp Limited

Notes to the Financial Statement (Continued) as at March 31, 2021

(Amount in Rs. in lakhs)

29 Impairment on financial instruments

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
At amortized cost		
Loans	4,489.17	5,508.41
Bad debts written-off (net of recoveries)	4,789.58	3,489.57
Total	9,278.75	8,997.98

30 Employee benefit expenses

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries and wages	11,550.58	9,376.58
Contribution to provident and other funds	832.39	661.20
Share based payments to employees (refer note 42)	133.45	178.63
Staff welfare expenses	87.94	159.65
Gratuity and compensated absence (refer note 41)	135.39	194.95
Total	12,739.75	10,571.01

31 Depreciation and amortization

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation on property, plant and equipment (refer note 10)	1,094.53	766.11
Amortization of intangible assets (refer note 13)	38.78	51.42
Total	1,133.31	817.53

32 Other expenses

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Rates and taxes	74.33	14.68
Repairs and maintenance - buildings	66.22	36.61
Repairs and maintenance - others	37.17	22.83
Communication costs	206.90	167.08
Advertisement and publicity expenses	64.67	100.27
Business promotion expenses	29.24	308.42
Director's fees, allowances and expenses	19.95	15.91
Auditor's fees and expenses (refer note 36)	51.71	40.81
Legal and professional charges	802.59	934.49
Electricity and power expenses	131.56	144.87
Collection expenses	450.50	478.92
Travelling expenses	442.03	491.78
Other administrative expenses	1,122.74	921.16
Collateral management expenses	233.86	278.61
Expenses towards corporate social responsibility (refer note 37)	190.13	98.39
Total	3,923.60	4,054.83

Ess Kay Fincorp Limited
Notes to the Financial Statement (Continued) for the year ended March 31, 2021

(Amount in Rs. in lakhs)

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, 2021			As at March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	23,331.49	-	23,331.49	6,236.85	-	6,236.85
Bank balance other than cash and cash equivalents	30,342.90	8,167.24	38,510.14	16,439.86	20,605.12	37,044.98
Receivables						
Other receivables	447.30	-	447.30	0.30	-	0.30
Loans	1,24,376.87	2,03,612.73	3,27,989.60	95,396.27	1,89,604.77	2,85,001.04
Investments	25,887.65	-	25,887.65	13,736.90	100.00	13,836.90
Other financial assets	2,968.68	945.39	3,914.07	2,577.16	874.12	3,451.28
Total financial assets	2,07,354.89	2,12,725.36	4,20,080.25	1,34,387.34	2,11,184.01	3,45,571.35
Non-financial assets						
Current tax assets (net)	-	30.86	30.86	-	93.09	93.09
Deferred tax assets (net)	-	3,888.27	3,888.27	-	1,931.92	1,931.92
Property, plant and equipment	-	5,601.55	5,601.55	-	4,210.18	4,210.18
Capital work-in-progress	-	42.85	42.85	-	266.72	266.72
Intangible assets under development	-	89.35	89.35	-	82.80	82.80
Other intangible assets	-	118.15	118.15	-	50.55	50.55
Other non-financial assets	312.92	39.05	351.97	359.88	77.50	437.38
Total non-financial assets	312.92	9,810.08	10,123.00	359.88	6,712.76	7,072.64
Total assets	2,07,667.81	2,22,535.44	4,30,203.25	1,34,747.22	2,17,896.77	3,52,643.99

Ess Kay Fincorp Limited

Notes to the Financial Statement (Continued) for the year ended March 31, 2021

(Amount in Rs. in lakhs)

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, 2021			As at March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
LIABILITIES						
Financial liabilities						
Derivatives financial instruments	50.59	-	50.59	77.68	467.32	545.00
Debt securities*	44,056.34	1,07,975.75	1,52,032.09	68,044.21	57,969.92	1,26,014.13
Borrowings (other than debt securities)	83,905.18	82,468.61	1,66,373.79	55,219.73	70,351.44	1,25,571.17
Subordinated liabilities	2,035.62	1,993.77	4,029.39	63.68	3,984.04	4,047.72
Other financial liabilities	5,687.15	3,052.36	8,739.51	4,755.42	2,446.25	7,201.67
Sub total	1,35,734.88	1,95,490.49	3,31,225.37	1,28,160.72	1,35,218.97	2,63,379.69
Non-Financial liabilities						
Current tax liabilities (Net)	657.82	-	657.82	301.68	-	301.68
Provisions	112.91	440.80	553.71	133.91	606.12	740.03
Other non-financial liabilities	618.64	-	618.64	349.84	-	349.84
Sub total	1,389.37	440.80	1,830.17	785.43	606.12	1,391.55
Total Liabilities	1,37,124.25	1,95,931.29	3,33,055.54	1,28,946.15	1,35,825.09	2,64,771.24

* Debt securities includes put options of Rs. 11,100.00 lakhs (March 31, 2020 Rs. 52.875 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.

Ess Kay Fincorp Limited
Notes to the Financial Statement (Continued) for the year ended March 31, 2021

(Amount in Rs. in lakhs)

34 Tax expenses
(a) Amounts recognized in statement of profit and loss

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Current tax expense		
Current period	4,295.40	3,953.68
Changes in estimated related to prior years	895.34	(79.36)
Total current tax expense (A)	5,190.74	3,874.32
Deferred tax (asset) / liability, net		
Origination and reversal of temporary differences	(1,957.50)	(1,177.52)
Deferred tax (income) / expense (B)	(1,957.50)	(1,177.52)
Total tax expense for the year (A)+(B)	3,233.24	2,696.80

(b) Amounts recognized in other comprehensive income

Particulars	For the year ended March 31, 2021			For the year ended March 31, 2020		
	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	4.55	(1.15)	3.40	8.02	(2.02)	6.00
Total	4.55	(1.15)	3.40	8.02	(2.02)	6.00

(c) Reconciliation of effective tax rate

Particulars	For the year ended March 31, 2021		For the year ended March 31, 2020	
	Amount	% terms	Amount	% terms
Profit before tax as per Statement of profit and loss	12,341.65		10,550.47	
Tax using the Company's domestic tax rate (current year 25.168% previous Year 25.168%)	3,106.15	25.17%	2,655.34	25.17%
<u>Add/(less) : Adjustments for taxes</u>				
CSR expense	47.85	0.39%	26.93	0.26%
Effect of change in tax rate	-	0.00%	89.24	0.85%
Taxes for earlier year	-	0.00%	(79.36)	-0.75%
Other permanent differences	79.24	0.64%	4.65	0.04%
Total adjustments	127.09	1.03%	41.46	0.39%
Total tax expense	3,233.24	26.20%	2,696.80	25.56%

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. Accordingly, the Company has recognized provision for income tax for the year ended March 31, 2021 and re-measured its deferred tax assets basis the rate prescribed in the said section.

Ess Kay Fincorp Limited

Notes to the Financial Statement (Continued) for the year ended March 31, 2021

(Amount in Rs. in lakhs)

34 Tax expenses (Continued)

(d) Movement in deferred tax balances

Particulars	As at March 31, 2021					
	Net balance March 31, 2020	Recognized in profit or loss	Recognized in OCI	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset/(liabilities)						
Loan loss provision	3,157.28	756.00	-	3,913.28	3,913.28	-
EIR	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	-
Loans	(1,399.13)	1,110.06	-	(289.07)	-	289.07
Depreciation on property, plant and equipment	(20.23)	31.69	-	11.46	11.46	-
Others	(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

Particulars	As at March 31, 2020					
	Net balance March 31, 2019	Recognized in profit or loss	Recognized in OCI	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset/(liabilities)						
Loan loss provision	1,979.01	1,178.27	-	3,157.28	3,157.28	-
EIR	156.31	(30.14)	-	126.17	126.17	-
Employee benefits	191.80	40.57	(2.02)	230.35	230.35	-
Fair valuation impact on investments	2.33	(172.93)	-	(170.60)	-	170.60
Leases	73.52	36.92	-	110.44	110.44	-
Loans	(1,619.52)	220.39	-	(1,399.13)	-	1,399.13
Depreciation on property, plant and equipment	(13.91)	(6.32)	-	(20.23)	-	20.23
Others	(13.12)	(89.24)	-	(102.36)	-	102.36
Total	756.42	1,177.52	(2.02)	1,931.92	3,624.24	1,692.32

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.

Ess Kay Fincorp Limited
Notes to the Financial Statement (Continued) for the year ended March 31, 2021

(Amount in Rs. in lakhs)

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.

Diluted EPS is calculated by dividing the profit attributable to equity holders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
A. Basic earnings per share		
The calculation of profit attributable to equity shareholders and weighted average number of equity shares outstanding for purpose of basic earnings per share calculations are as follows:-		
(i) Profit for the year, attributable to equity shareholders	9,108.41	7,853.67
(ii) Weighted average number of equity shares for basic EPS (in lakhs)		
Opening balance	251.95	230.16
Effect of fresh equity shares issued	0.05	7.80
Weighted average number of equity shares	252.00	237.96
(iii) Basic earnings per share	36.14	33.00
B. Diluted earnings per share		
The calculation of profit attributable to equity shareholders and weighted average number of equity shares outstanding for purpose of diluted earnings per share calculations are as follows:-		
(i) Profit for the year, attributable to equity shareholders	9,108.41	7,853.67
(ii) Weighted average number of equity shares for diluted EPS (in lakhs)		
Opening balance	251.95	230.16
Effect of fresh equity shares issued	0.05	7.80
Dilution of equity	2.40	2.33
Weighted average number of equity shares	254.40	240.28
(iii) Diluted earnings per share	35.80	32.68

Ess Kay Fincorp Limited

Notes to the Financial Statement (Continued) for the year ended March 31, 2021

(Amount in Rs. in lakhs)

36 Payment to auditors

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
As an Auditor:		
Audit fees	36.49	27.25
For other services:		
Limited review	5.51	4.36
Certification fees	6.54	6.27
Reimbursement of expenses	3.17	2.93
Total	51.71	40.81

37 Corporate social responsibility (CSR)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
a. Amount required to be spent by the Company during the year	189.63	97.69
b. Amount spent during the year on:		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above (Refer note 32)	190.13	98.39

38 Contingent liabilities and commitments

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(i) Contingent liabilities:-		
(a) Claims against the Company not acknowledged as debt;		
- Service tax liability	1,304.40	997.27
(b) Guarantees:-		
- Corporate guarantees towards securitization transaction	500.00	166.68
- Towards law suits, claims and proceedings, including collection and repossession related matters, which arise in the ordinary course of business.	8.69	8.69
	1,813.09	1,172.64
(ii) Commitments:-		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided	-	-
(b) Other commitments	100.00	100.00
	100.00	100.00

- i) Demand raised by the office of commissioner, central excise, Jaipur for the period December 2010 to June 2017 for non-payment of service tax on services rendered towards collection of receivables and liquidity facilities in respect of securitization / direct assignments transactions. Company has filed an appeal against this order with the CESTAT, New Delhi and has deposited an amount equal to 7.5% of the demand i.e. Rs. 5,109,875 (March 31, 2020 - Rs. 3,046,340) under protest.
- ii) The Company's pending litigations comprises of claims against the Company by the customer and proceedings pending with other authorities. The Company has 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 does not expect the outcome of these proceedings to have a materially adverse effect on its financial statements.

Ess Kay Fincorp Limited
Notes to the Financial Statement (Continued) for the year ended March 31, 2021

(Amount in Rs. 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 Company has no subsidiary and holding Company	
(b)	Key management personnel Rajendra Kumar Setia Shalini Setia Amar Lal Daultani Anand Raghavan Gaurav Trehan Akshay Tanna Munish Dayal Debanshi Basu	Managing Director Whole-time Director Independent Director Independent Director Nominee Director (upto May 22, 2020) Nominee Director (w.e.f. June 03, 2020) Nominee Director (upto November 09, 2020) Nominee Director (w.e.f. November 09, 2020)
(c)	Relatives of key management personnel Arjun Das Setia Raj Kumar Setia Surendra Kumar Setia Sameer Arora Sanjeev Arora Yash Setia	Father of Managing Director Brother of Managing Director Brother of Managing Director Brother of Whole-time Director Brother of Whole-time Director 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	

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, 2021	For the year ended March 31, 2020
i.	Short-term employee benefits	238.36	151.38
ii.	Post-employment benefits	-	-
iii.	Other long-term benefits	-	-
iv.	Termination benefits	-	-
v.	Share-based payment	-	-

Ess Kay Fincorp Limited**Notes to the Financial Statement (Continued) for the year ended March 31, 2021**

(Amount in Rs. in lakhs)

39 Related Party Disclosure (Continued)**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 #	2021	361.37	-	361.37
	2020	245.05	-	245.05
Sitting fees	2021	19.95	-	19.95
	2020	14.60	-	14.60
Insurance expenses	2021	4.68	-	4.68
	2020	4.29	-	4.29
Commission	2021	-	9.12	9.12
	2020	11.42	19.52	30.94
Rent expenses	2021	37.55	-	37.55
	2020	32.81	-	32.81
Vehicle running & maintenance	2021	-	-	-
	2020	-	2.77	2.77
Software expenses	2021	-	10.03	10.03
	2020	-	10.17	10.17
Corporate social responsibility expenditure	2021	-	176.72	176.72
	2020	-	55.00	55.00
Issue of share capital	2021	20.35	-	20.35
	2020	-	23,500.00	23,500.00
Outstanding balances				
Salary payable	2021	22.34	-	22.34
	2020	-	-	-
Commission payable	2021	-	2.92	2.92
	2020	-	-	-
Software expenses Payable	2021	-	0.55	0.55
	2020	-	-	-

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.

Ess Kay Fincorp Limited
Notes to the Financial Statement (Continued) for the year ended March 31, 2021

(Amount in Rs. 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, 2021	As at March 31, 2020
Opening balance	2,517.35	1,938.17
Additions	1,644.26	1,031.30
Depreciation	(678.16)	(452.12)
Closing balance	3,483.45	2,517.35

The table below provides details for the changes in the lease liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	2,368.33	1,747.52
Additions	1,135.40	921.78
Finance cost accrued during the period	320.82	236.56
Payment of lease liabilities	(700.68)	(537.53)
Closing balance	3,123.87	2,368.33

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis

Particulars	As at March 31, 2021	As at March 31, 2020
Within one year	798.16	596.38
One to three years	1,427.69	1,065.81
Three to five years	1,093.04	875.42
More than five years	1,314.82	845.55
Closing balance	4,633.71	3,383.16

Ess Kay Fincorp Limited

Notes to the Financial Statement (Continued) for the year ended March 31, 2021

(Amount in Rs. in lakhs)

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 has recognized Rs.832.39 lakhs (year ended March 31, 2020 Rs 661.20 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.

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, 2021	As at March 31, 2020
Present value of defined benefit obligation (A)	471.96	352.00
Fair value of plan assets (B)	-	-
Net liability recognized in the Balance Sheet (A-B)	471.96	352.00

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, 2021	As at March 31, 2020
Opening balance	352.00	265.32
Included in profit or loss		
Current service cost	115.43	88.17
Past service cost	-	-
Interest cost	19.96	18.34
	487.39	371.83
Included in OCI		
Remeasurement loss (gain):		
Actuarial loss (gain) arising from:		
Demographic assumptions	(2.10)	(2.43)
Financial assumptions	9.16	(27.85)
Experience adjustment	(11.60)	22.25
	(4.54)	(8.03)
Other		
Contributions paid by the employer		
Benefits paid	(10.89)	(11.80)
Liabilities settled		-
Closing balance	471.96	352.00

Ess Kay Fincorp Limited
Notes to the Financial Statement (Continued) for the year ended March 31, 2021

(Amount in Rs. in lakhs)

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, 2021	As at March 31, 2020
Discount rate	6.57%	5.76%
Salary increase rate	7.0%	5.00%
Attrition Rate	8% - 42%	21.00%
Retirement Age	60.00	60.00
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.

41 Employee benefits (Continued)
C. Defined benefit obligations (Continued)
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, 2021		As at March 31, 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (50 bps)	431.28	519.89	336.73	368.66
Future salary growth (50 bps)	514.92	434.50	366.23	338.65
Attrition (50 bps)	467.32	476.83	349.00	354.98

D. Expected maturity analysis of the defined benefit plans in future years

Particulars	As at March 31, 2021	As at March 31, 2020
Expected contributions / Addl. provision next year	1,15,42,667	88,17,116
Expected total benefit payments		
Year 1	37,35,504	50,62,602
Year 2	36,80,447	50,64,902
Year 3	39,66,950	48,43,345
Year 4	45,29,363	45,68,594
Year 5	34,66,434	38,80,625
Next 5 years	1,65,76,743	1,08,46,408

E. Compensated absences

During the year, 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 has created provision for compensated absences on estimate basis for unavailed leave as on March 31 2021.Amount recognised in the Statement of profit and loss for compensated absences is as under :

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Liability no longer required written back (refer note 27 - Other income)	301.17	-
Compensated absences	-	88.44

Ess Kay Fincorp Limited**Notes to the Financial Statement (Continued) for the year ended March 31, 2021**

(Amount in Rs. in lakhs)

42 Share Based Payment**i. Share option plans (equity-settled)****ESOP - I:-**

The Employee Stock Options Scheme titled "ESOP 2018" or "ESOP-I" was approved by the shareholders of the Company vide board resolution dated October 15, 2018. According to ESOP-I Plan, the Nomination and Remuneration Committee (NRC) decides upon the employees who qualify under the Plan and the number of ESOP to be issued to such employees. The exercise price of the share as per plan is Rs. 249.35. Out of shares granted, 25% shares will vest at the end of one year from the date of grant, 25% at the end of the second year, 25% at the end of the third year and balance 25% at the end of fourth year. The fair value of the shares 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 36 months from the date of vesting for ESOP Schemes.

ESOP - II:-

The Employee Stock Options Scheme titled "ESOP 2019" or "ESOP-II" was approved by the shareholders of the Company vide board resolution dated April 02, 2019. According to ESOP-II Plan, the Nomination and Remuneration Committee decides upon the employees who qualify under the Plan and the number of ESOP to be issued to such employees. The exercise price of the share as per plan is Rs. 596.29. Out of shares granted, 25% shares will vest at the end of one year from the date of grant, 25% at the end of the second year, 25% at the end of the third year and balance 25% at the end of fourth year. The fair value of the shares 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 36 months 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 Rs.133.45 lakhs (March 31, 2020: Rs.178.63 lakhs) was charged to the Company's statement of profit or loss in respect of equity-settled share-based payments transactions (refer note no 30).

A Measurement of fair values**Movement in the options outstanding under the Employees Stock Option Plan for the year ended 31 March 2021**

Scheme reference	Grant date	Balance as at April 01, 2020	Granted during the year	Exercised during the year	Lapsed/cancelled during the year	Balance as at March 31, 2021	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	

Ess Kay Fincorp Limited
Notes to the Financial Statement (Continued) for the year ended March 31, 2021

(Amount in Rs. in lakhs)

Movement in the options outstanding under the Employees Stock Option Plan for the year ended 31 March 2020

Scheme reference	Grant date	Balance as at April 01, 2019	Granted during the year	Exercised during the year	Lapsed/cancelled during the year	Balance as at March 31, 2020	Exercise price
ESOP - I	15-Oct-18	4,05,250	-	-	(26,000)	3,79,250	249.35
ESOP - II	02-Apr-19	-	12,500	-	-	12,500	596.29
ESOP - II	01-Aug-19	-	14,000	-	-	14,000	596.29
		4,05,250	26,500	-	(26,000)	4,05,750	

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 (Rs.)	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 (Rs.)	97.35 to 131.86	232.65 to 315.15	232.65 to 315.15	175.71 to 301.46
Market price (Rs.)	249.40	596.29	596.29	636.30

Ess Kay Fincorp Limited**Notes to the Financial Statement (Continued) for the year ended March 31, 2021**

(Amount in Rs. in lakhs)

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 has 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.

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, 2021	As at March 31, 2020
Carrying amount of assets	41,660.65	40,032.86
Carrying amount of associated liabilities	32,720.69	34,819.18
Fair value of assets (A)	43,054.18	40,671.51
Fair value of associates liabilities (B)	32,696.83	34,645.29
Net position at Fair Value (A-B)	10,357.35	6,026.22

43.2 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.

Ess Kay Fincorp Limited
Notes to the Financial Statement (Continued) for the year ended March 31, 2021

(Amount in Rs. in lakhs)

44 Financial Instruments – Fair Values and Risk Management
A. Classification 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 amortized cost.

Particulars	As at March 31, 2021				As at March 31, 2020			
	FVTPL	FVTOCI	Amortized Cost	Total	FVTPL	FVTOCI	Amortized Cost	Total
Financial assets								
Cash and cash equivalents	-	-	23,331.49	23,331.49	-	-	6,236.85	6,236.85
Bank balance other than cash and cash equivalent	-	-	38,510.14	38,510.14	-	-	37,044.98	37,044.98
Receivables								
Other receivables	-	-	447.30	447.30	-	-	0.30	0.30
Loans	-	-	3,27,989.60	3,27,989.60	-	-	2,85,001.04	2,85,001.04
Investments	25,887.65	-	-	25,887.65	13,836.90	-	-	13,836.90
Other financial assets	-	-	3,914.07	3,914.07	-	-	3,451.28	3,451.28
Total	25,887.65	-	3,94,192.60	4,20,080.25	13,836.90	-	3,31,734.45	3,45,571.35
Financial liabilities								
Derivative financial instruments	50.59	-	-	50.59	545.00	-	-	545.00
Debt securities	-	-	1,52,032.09	1,52,032.09	-	-	1,26,014.13	1,26,014.13
Borrowings (other than debt securities)	-	-	1,66,373.79	1,66,373.79	-	-	1,25,571.17	1,25,571.17
Subordinated liabilities	-	-	4,029.39	4,029.39	-	-	4,047.72	4,047.72
Other financial liabilities	-	-	8,739.51	8,739.51	-	-	7,201.67	7,201.67
Total	50.59	-	3,31,174.78	3,31,225.37	545.00	-	2,62,834.69	2,63,379.69

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, 2021				As at March 31, 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Investments - at FVTPL								
- Mutual funds	-	16,105.74	-	16,105.74	8,640.74	5,196.16	-	13,836.90
- Corporate bonds	-	-	9,781.91	9,781.91	-	-	-	-
Total	-	16,105.74	9,781.91	25,887.65	8,640.74	5,196.16	-	13,836.90
Financial liabilities								
Derivative financial instruments	-	50.59	-	50.59	-	545.00	-	545.00
Total	-	50.59	-	50.59	-	545.00	-	545.00

Ess Kay Fincorp Limited

Notes to the Financial Statement (Continued) for the year ended March 31, 2021

(Amount in Rs. in lakhs)

Financial instruments measured at amortized cost

Particulars	Carrying Amount	Fair Value	Level 1	Level 2	Level 3
Financial assets					
Cash and cash equivalents	23,331.49	23,331.49	-	-	-
Bank balance other than cash and cash equivalents	38,510.14	38,510.14	-	-	-
Other receivables	447.30	447.30	-	-	-
Loans	3,27,989.60	3,43,358.82	-	-	3,43,358.82
Other financial assets	3,914.07	3,914.07	-	-	3,914.07
Total	3,94,192.60	4,09,561.82	-	-	3,47,272.89
Financial liabilities					
Debt securities	1,52,032.09	1,53,165.95	-	-	1,53,165.95
Borrowings (other than debt securities)	1,66,373.79	1,66,673.94	-	-	1,66,673.94
Subordinated liabilities	4,029.39	4,009.24	-	-	4,009.24
Other financial liabilities	8,739.51	8,739.51	-	-	8,739.51
Total	3,31,174.78	3,32,588.64	-	-	3,32,588.64

44 Financial Instruments - Fair Values and Risk Management (Continued)

B Fair value hierarchy: (Continued)

Particulars	Carrying Amount	Fair Value	Level 1	Level 2	Level 3
Financial assets					
Cash and cash equivalents	6,236.85	6,236.85	-	-	-
Bank balance other than cash and cash equivalents	37,044.98	37,044.98	-	-	-
Other receivables	0.30	0.30	-	-	-
Loans	2,85,001.04	2,97,788.34	-	-	2,97,788.34
Other financial assets	3,451.28	3,451.28	-	-	3,451.28
Total	3,31,734.45	3,44,521.75	-	-	3,01,239.62
Financial liabilities					
Debt securities	1,26,014.13	1,32,743.81	-	-	1,32,743.81
Borrowings (other than debt securities)	1,25,571.17	1,25,787.05	-	-	1,25,787.05
Subordinated liabilities	4,047.72	4,173.56	-	-	4,173.56
Other financial liabilities	7,201.67	7,201.67	-	-	7,201.67
Total	2,62,834.69	2,69,906.09	-	-	2,69,906.09

Ess Kay Fincorp Limited
Notes to the Financial Statement (Continued) for the year ended March 31, 2021

(Amount in Rs. in lakhs)

44 Financial Instruments – Fair Values and Risk Management (Continued)
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. This includes traded bonds and mutual funds that have quoted price. 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 fair value has been calculated on the basis of factors available in the market, which can be easily available in the market. The Company have liquid debt funds, Mutual funds and alpha funds. Which fair value can be easily available in the market. That's for the same has been classified under Level 1 except the alpha funds for which the fair value are not available in the market.	Not applicable	Not applicable
Investments in Corporate bonds	The fair value has been calculated on the basis of factors available in the market, which can be easily available in the market. The Company have liquid debt instruments. Which fair value has been calculated by the prevailing G-sec bond rate. That's for the same has been classified under Level 3.	Not applicable	Not applicable
Derivative financial instrument	The fair values have been calculated based on Monte Carlo simulation model by an independent merchant banker.	Not applicable	Not applicable

Ess Kay Fincorp Limited**Notes to the Financial Statement (Continued) for the year ended March 31, 2021**

(Amount in Rs. in lakhs)

44 Financial Instruments – Fair Values and Risk Management (Continued)**C Measurement of fair values (Continued)****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.
Other financial assets	The fair value of other financial assets, including the fair value of gain on sale of receivable calculated on the basis of discounted cash flow model and for the purpose of disclosures are classified under Level 3. The discount rates are based on current available yields in the market to the Company.
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.
Other financial liabilities	The fair value of other financial liabilities includes the lease liability as other than the lease liabilities are short term in nature, hence lease liabilities are calculated on the basis of discounted cash flow model and for the purpose of disclosures are classified under Level 3. The discount rates are based on current available yields in the market to the Company.

Transfers between Level 3

There were no significant changes in the classification and no significant movements between the fair value hierarchy classifications of assets and liabilities during FY 2020-21.

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

Ess Kay Fincorp Limited
Notes to the Financial Statement (Continued) for the year ended March 31, 2021

(Amount in Rs. in lakhs)

44 Financial Instruments – Fair Values and Risk Management (Continued)
D Financial risk management (Continued)
i. Risk management framework (Continued)

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.
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 ALM 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, 2021	As at March 31, 2020
Loans	3,42,236.09	2,94,832.88
Others	2,002.15	1,927.63
Total	3,44,238.24	2,96,760.51

Ess Kay Fincorp Limited**Notes to the Financial Statement (Continued) for the year ended March 31, 2021**

(Amount in Rs. in lakhs)

a. Credit quality analysis

The following table sets out the information about the credit quality of financial assets measured at amortized cost.

Particulars	As at March 31, 2021				As at March 31, 2020			
	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	2,43,077.34	-	-	2,43,077.34	2,19,138.96	-	-	2,19,138.96
Past Due but not impaired								
01-30 days past due	45,848.54	-	-	45,848.54	33,230.37	-	-	33,230.37
31-90 days past due	-	39,474.43	-	39,474.43	-	30,539.14	-	30,539.14
Impaired (more than 90 days)	-	-	13,835.78	13,835.78	-	-	11,924.41	11,924.41
Others	1,887.57	83.55	31.03	2,002.15	1,817.31	80.44	29.88	1,927.63
	2,90,813.45	39,557.98	13,866.81	3,44,238.24	2,54,186.64	30,619.58	11,954.29	2,96,760.51
Expected credit loss ratio	1.59%	10.88%	52.85%	4.72%	1.81%	7.78%	39.90%	3.96%
Impairment loss allowance	(4,617.88)	(4,302.51)	(7,328.25)	(16,248.64)	(4,597.43)	(2,384.88)	(4,777.16)	(11,759.47)
Carrying amount	2,86,195.57	35,255.47	6,538.56	3,27,989.60	2,49,589.21	28,234.70	7,177.13	2,85,001.04

*Refer note 56 - Impact of Moratorium

Ess Kay Fincorp Limited
Notes to the Financial Statement (Continued) for the year ended March 31, 2021

(Amount in Rs. in lakhs)

ii. Credit risk (Continued)
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, 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 is derived by writing down the asset cost at origination by 12.5% p.a on reducing balance basis.

Quantitative information of Collateral - loans

Collateral coverage	Collateral value of loans	
	As at March 31, 2021	As at March 31, 2020
Less than 50% coverage	258.37	61.43
51% to 70% coverage	294.11	158.79
71% to 90% coverage	7,263.81	1,754.35
91% to 100% coverage	16,507.79	4,703.05
More than 100% coverage	5,22,294.84	4,62,259.55
Total	5,46,618.92	4,68,937.17

Quantitative information of Collateral - Credit impaired assets

Collateral coverage	Collateral value of loans in stage 3	
	As at March 31, 2021	As at March 31, 2020
Less than 50% coverage	23.34	-
51% to 70% coverage	66.48	30.21
71% to 90% coverage	3,975.74	1,616.36
91% to 100% coverage	2,343.97	1,781.43
More than 100% coverage	11,630.23	12,319.96
Total	18,039.76	15,747.96

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, 2021	As at March 31, 2020
A - Northern state	2,89,499.24	2,50,230.58
B - Western state	54,739.00	48,457.56
Total	3,42,236.09	2,96,760.51

Ess Kay Fincorp Limited**Notes to the Financial Statement (Continued) for the year ended March 31, 2021**

(Amount in Rs. 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 calculation. Future expected cash flows (principal and interest) for future years has been used as EAD for Stage 2

Estimations and assumptions considered in the ECL model

The Company has made the following assumptions in the ECL Model:

- "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.
- "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 72 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.

Ess Kay Fincorp Limited
Notes to the Financial Statement (Continued) for the year ended March 31, 2021

(Amount in Rs. in lakhs)

ii. Credit risk (Continued)
c. Amounts arising from ECL (Continued)
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, 2019	1,44,381.47	29,021.04	7,601.68	1,81,004.19
Transfer to/from 12 month ECL	3,898.64	(3,573.65)	(324.99)	-
Transfer to/from Lifetime ECL not credit impaired	(22,608.14)	22,751.05	(142.91)	-
Transfer to/from Lifetime ECL credit impaired	(5,085.78)	(3,930.46)	9,016.24	-
New financial assets originated during the year	2,20,576.07	80.44	29.88	2,20,686.39
Matured or repaid	(86,113.61)	(13,269.33)	(1,533.86)	(1,00,916.80)
Write-offs	(862.01)	(459.51)	(2,691.75)	(4,013.27)
Balance as at March 31, 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	(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

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, 2019	1,602.40	1,749.20	2,899.48	6,251.08
Transfer to/from 12 month ECL	(3,811.13)	1,723.79	2,087.34	-
Transfer to/from Lifetime ECL not credit impaired	157.22	(1,894.42)	1,737.20	-
Transfer to/from Lifetime ECL credit impaired	70.00	9.05	(79.05)	-
New financial assets originated during the year	3,036.78	136.75	28.52	3,202.05
Matured or repaid	3,542.17	660.50	(1,896.33)	2,306.34
Balance as at March 31, 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	(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

Ess Kay Fincorp Limited**Notes to the Financial Statement (Continued) for the year ended March 31, 2021**

(Amount in Rs. in lakhs)

44 Financial Instruments – Fair Values and Risk Management (Continued)**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.

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, and include estimated interest payments and exclude the impact of netting agreements.

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	-	-	-	-
Particulars	Carrying amount	Total	On Demand	0 - 12 months	1-3 years	3-5 years	5+ years
As at March 31, 2020							
Non-derivative financial liabilities							
Debt securities	1,26,014.13	1,70,100.68	-	38,708.03	50,625.16	71,131.19	9,636.30
Borrowings (Other than debt securities)	1,25,571.17	1,38,252.75	26,404.00	59,292.09	50,141.42	2,415.24	-
Subordinated liabilities	4,047.72	5,460.74	-	570.74	4,890.00	-	-
Other financial liabilities	7,201.67	8,216.49	4,833.33	596.38	1,065.81	875.42	845.55
Derivative financial liabilities							
Market linked derivative	545.00	545.00	77.68	467.32	-	-	-

Ess Kay Fincorp Limited
Notes to the Financial Statement (Continued) for the year ended March 31, 2021

(Amount in Rs. in lakhs)

44 Financial Instruments – Fair Values and Risk Management (Continued)
iv. 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, 2021	As at March 31, 2020
Fixed-rate instruments		
Financial assets	4,20,080.25	3,45,571.35
Financial liabilities	2,36,928.58	2,10,736.99
Variable-rate instruments		
Financial assets	-	-
Financial liabilities	94,296.79	52,642.70
Total Net	7,51,305.62	6,08,951.04

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, 2021		As at March 31, 2020	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Variable rate instruments	942.97	(942.97)	526.43	(526.43)
Cash Flow Sensitivity	942.97	-942.97	526.43	-526.43

Ess Kay Fincorp Limited**Notes to the Financial Statement (Continued) for the year ended March 31, 2021**

(Amount in Rs. in lakhs)

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.

Sr No	Particulars	As at March 31, 2021	As at March 31, 2020
(A)	Tier 1 capital	90,514.46	84,109.94
	Tier 2 capital	2,282.48	2,853.38
	Total Capital funds	92,796.94	86,963.32
	Risk weighted assets	3,35,317.97	2,74,697.93
	Tier 1 Capital ratio	26.99%	30.61%
	Total Capital ratio	27.67%	31.65%

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, 2021	For the year ended March 31, 2020
Fees and commission income	1,450.64	1,951.52
Other income	660.79	987.85
Total revenue	2,111.43	2,939.37

Ess Kay Fincorp Limited
Notes to the Financial Statement (Continued) for the year ended March 31, 2021

(Amount in Rs. in lakhs)

47 Revenue from contracts with customers
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	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Primary geographical market		
India	2,111.43	2,939.37
Total	2,111.43	2,939.37
Major products/service lines		
Other income	660.79	987.85
Fees and commission income	1,450.64	1,951.52
Total	2,111.43	2,939.37
Timing of revenue recognition		
At a point in time	2,111.43	2,939.37
Over a period of time	-	-
	2,111.43	2,939.37

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

Particulars	As at March 31, 2021	As at March 31, 2020
Contracts assets	230.83	0.00
Contracts liabilities	0.00	100.65
Other receivables	216.47	0.30

One customer (One customer for March 31, 2020) represents 10% or more of the Company's total revenue during the year ended March 31, 2021.

Ess Kay Fincorp Limited**Notes to the Financial Statement (Continued) for the year ended March 31, 2021**

(Amount in Rs. in lakhs)

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, 2021	As at March 31, 2020
Principal amount and interest due thereon remaining unpaid to any supplier at the end of each accounting year	-	-
The amount of interest paid by the Company in terms of Section 16 of MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount if interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

49.1 Capital adequacy ratio as per clause 3.1 of annexure XIV 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, 2021	As at March 31, 2020
CRAR (%)	27.67%	31.65%
CRAR-Tier- I Capital (%)	26.99%	30.61%
CRAR-Tier- II Capital (%)	0.68%	1.04%
Amount of subordinated debt raised as Tier-II capital (Rs. in lacs)	4,029.39	4,047.72
Amount raised by issue of perpetual debt instruments (Rs. in lacs)	-	-

49.2 Investments

Particulars	As at March 31, 2021	As at March 31, 2020
(1) Value of investments		
(i) Gross value of investments		
(a) In India	25,887.65	13,836.90
(b) Outside India	-	-
(ii) Provision for diminution		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net value of investments		
(a) In India	25,887.65	13,836.90
(b) Outside India	-	-
(2) Movement of provisions held towards diminution 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	-	-

Ess Kay Fincorp Limited
Notes to the Financial Statement (Continued) for the year ended March 31, 2021

(Amount in Rs. in lakhs)

49.3 Derivatives

The Company has marked linked derivatives contracts for the period ended March 31, 2021 worth Rs. 50.59 lakh. (for March 31, 2020 worth Rs. 545.00 lakh).

49.3.1 The Company has not entered into any forward Rate Agreement / Interest Rate Swap for derivative.

49.3.2 The Company has not entered into any exchange traded derivative.

49.4 Disclosure related to securitization transaction

S. No.	Particulars	As at March 31, 2021	As at March 31, 2020
1	No of SPVs (i.e. special purpose vehicle) sponsored by the NBFC for securitization transactions	15	13
2	Total amount of securitized assets as per books of the SPVs sponsored by the NBFC	32,693.13	34,643.39
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	500.00	166.68
	Others		
	b) On-balance sheet exposures		
	First loss	4,118.03	3,394.59
	(Cash collateral term deposits with banks)		
	Others	8,420.36	6,547.12
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	-	-

Ess Kay Fincorp Limited

Notes to the Financial Statement (Continued) for the year ended March 31, 2021

(Amount in Rs. in lakhs)

Disclosure related to Direct assignments

S. No.	Particulars	As at March 31, 2021	As at March 31, 2020
1	No of transactions assigned by the Company	13	12
2	Total amount outstanding	9,302.10	11,276.36
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		
	b) On-balance sheet exposures		
	First loss	-	-
	(Cash collateral term deposits with banks)		
	Others	1,118.98	1,555.82
4	Amount of exposures to assignments 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 assigned transaction		
	First loss	-	-
	Others	-	-
	ii) Exposure to third party assigned transaction		
	First loss	-	-
	Others	-	-

49.5 Details of financial assets sold to securitization / reconstruction Company for asset reconstruction

The Company has not sold any financial assets to securitization / reconstruction Company during the financial year ended March 31, 2021 and March 31, 2020.

49.6 Details of assignment transactions

Particulars	As at March 31, 2021	As at March 31, 2020
(i) No. of accounts	2,049	1,379
(ii) Aggregate value (net of provisions) of accounts sold	5,270.11	5,347.01
(iii) Aggregate consideration	4,743.10	4,812.31
(iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / loss over net book value	-	-

Ess Kay Fincorp Limited
Notes to the Financial Statement (Continued) for the year ended March 31, 2021

(Amount in Rs. in lakhs)

Details of securitization transactions

Particulars		As at March 31, 2021	As at March 31, 2020
(i)	No. of accounts	13,523	19,594
(ii)	Aggregate value (net of provisions) of accounts sold	31,523.32	41,652.04
(iii)	Aggregate consideration	28,244.19	37,697.57
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v)	Aggregate gain / loss over net book value	-	-

49.7 Details of non-performing financial assets purchased / sold

The Company has not purchased and sold any non-performing financial assets during the financial year ended March 31, 2021 and March 31, 2020.

49.8 Asset liability management

Maturity pattern of certain items of assets and liabilities as per RBI guidelines.

**As at
March 31, 2021**

Particulars	Liabilities			Assets	
	Borrowings from banks	Market Borrowings	Advances	Deposits	Investments
1 day to 30/31 days (One month)	6,638.61	4,337.42	14,112.26	27,855.48	2,000.00
Over one month to 2 months	3,839.93	2,323.84	8,557.47	10,825.90	-
Over 2 months upto 3 months	6,039.90	9,174.22	9,972.47	2,921.38	4,936.31
Over 3 months to 6 months	10,066.33	11,425.03	33,202.02	590.09	-
Over 6 months to 1 year	35,904.19	39,730.04	60,894.84	4,846.51	18,951.34
Over 1 year to 3 years	55,617.07	1,07,128.74	1,59,845.10	7,929.61	-
Over 3 years to 5 years	9,497.38	15,780.35	38,655.60	-	-
Over 5 years	-	4,554.16	9,668.09	237.60	-
Total	1,27,603.41	1,94,453.80	3,34,907.85	55,206.57	25,887.65

As at March 31, 2020

Particulars	Liabilities			Assets	
	Borrowings from banks	Market Borrowings	Advances	Deposits	Investments
1 day to 30/31 days (One month)	2,736.45	3,385.10	2,780.09	3,648.66	6,100.00
Over one month to 2 months	1,224.15	6,248.98	3,552.68	197.60	4,500.00
Over 2 months upto 3 months	4,348.30	9,227.58	12,754.55	1,023.27	136.90
Over 3 months to 6 months	5,366.76	28,479.87	20,608.03	5,893.88	3,000.00
Over 6 months to 1 year	20,423.80	41,964.32	56,827.88	5,707.78	-
Over 1 year to 3 years	49,496.22	63,634.73	1,49,608.08	20,585.82	-
Over 3 years to 5 years	953.10	18,688.67	35,866.15	19.30	-
Over 5 years	-	-	8,467.95	-	100.00
Total	84,548.78	1,71,629.25	2,90,465.41	37,076.31	13,836.90

Ess Kay Fincorp Limited**Notes to the Financial Statement (Continued) for the year ended March 31, 2021**

(Amount in Rs. in lakhs)

49.9 The Company has not restructured any non-performing financial assets during the financial year ended March 31, 2021 and March 31, 2020.

50.10 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, 2021 and March 31, 2020.

50.11 Exposure to capital market

The Company has no exposure to capital market during the year ended March 31, 2021 and March 31, 2020.

50.12 Details of financing of parent Company products

There is no financing during the year ended on March 31, 2021 and March 31, 2020.

50.13 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, 2021 and March 31, 2020 as set as Reserve Bank of India.

50.14 Schedule to the balance sheet of a Non Deposit Taking Non-Banking Financial Company (as required in terms of paragraph 13 of Non-Banking Financial (Non-deposit accepting or holding) Companies prudential norms (Reserve Bank) directions, 2015)

Particulars		Amount outstanding	Amount overdue
Liabilities side:			
1	Loans and advances availed by the non-banking financial Company inclusive of interest accrued thereon but not paid:		
	(a) Debentures : Secured	150038.1	0
	: Unsecured	1993.99	0
	(Other than falling within the meaning of public deposits*)	0	0
	(b) Deferred credits	0	0
	(c) Term loans from bank	85252.15	0
	(d) Inter-corporate loans and borrowing	66952.75	0
	(e) Commercial paper	0	0
	(f) Other loans	0	0
	Loan from:		
	(i) Directors	0	0
	(ii) Shareholders	0	0
	(iii) CC limit from bank	9414.61	0
	(iv) Unsecured loan from bank and institution	8783.67	0
Assets side:			Amount outstanding
2	Break-up of loans and advances including bills receivables [other than those included in (4) below] (Net off provision on NPA):		
	(a) Secured		322074.3366
	(b) Unsecured		5915.263415

Ess Kay Fincorp Limited
Notes to the Financial Statement (Continued) for the year ended March 31, 2021

(Amount in Rs. in lakhs)

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	0
	(b) Operating lease	0
	(ii) Stock on hire including hire charges under sundry debtors:	0
	(a) Assets on hire	0
	(b) Repossessed assets	0
	(iii) Other loans counting towards AFC activities	0
	(a) Loans where assets have been repossessed	0
	(b) Loans other than (a) above	0
4	Break-up of investments:	
	Current investments:	
	1. Quoted:	
	(i) Shares: (a) Equity	0
	(b) Preference	0
	(ii) Debentures and bonds	0
	(iii) Units of mutual funds	0
	(iv) Government securities	0
	(v) Others	0
	2. Unquoted:	
	(i) Shares: (a) Equity	0
	(b) Preference	0
	(ii) Debentures and bonds	9781.91
	(iii) Units of mutual funds	16105.74
	(iv) Government securities	0
	(v) Others	0
	Long term investments	
	1. Quoted:	
	(i) Shares: (a) Equity	0
	(b) Preference	0
	(ii) Debentures and bonds	0
	(iii) Units of mutual funds	0
	(iv) Government securities	0
	(v) Others	0
	2. Unquoted:	
	(i) Shares: (a) Equity	0
	(b) Preference	0
	(ii) Debentures and bonds	0
	(iii) Units of mutual funds	0
	(iv) Government securities	0
	(v) Others (pass through certificates)	0

Ess Kay Fincorp Limited

Notes to the Financial Statement (Continued) for the year ended March 31, 2021

(Amount in Rs. in lakhs)

50.14 Schedule to the balance sheet of a non deposit taking non-banking financial Company (as required in terms of Paragraph 13 of non-banking financial (non-deposit accepting or holding) companies prudential norms (Reserve bank) directions, 2015) (Continued)

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Borrower group-wise classification of assets finances as in (3) and (4) above:

Category	Amount net of provisions ##		
	Secured	Unsecured	Total
1. Related parties			
(a) Subsidiaries	0	0	0
(b) Companies in the same group	0	0	0
(c) Other related parties	0	0	0
2. Other than related parties**	322074.3366	5915.263415	327989.6
Total	322074.3366	5915.263415	327989.6

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Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related parties		
(a) Subsidiaries	0	0
(b) Companies in the same group	0	0
(c) Other related parties	0	0
2. Other than related parties**	25887.65	25887.65
Total		
** As per Ind AS		
## Provision distributed on gross amount of assets finances		

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Other information

Particulars	Amount
i Gross non-performing assets	
(a) Related parties	0
(b) Other than related parties	13866.81135
ii Net non-performing assets	
(a) Related parties	0
(b) Other than related parties	6538.561349
iii Assets acquired in satisfaction of debt	0

50.15 Unsecured advances

The Company has not given any unsecured advances against intangible securities such as charge over the rights licenses, authority, etc. during the financial year ended March 31, 2021 and March 31, 2020.

Ess Kay Fincorp Limited
Notes to the Financial Statement (Continued) for the year ended March 31, 2021

(Amount in Rs. in lakhs)

51.1 Registration under other regulators

The Company is not registered under any other regulator other than Reserve Bank of India.

51.2 Details of penalties imposed by RBI and other regulators

No penalty was levied during the year ended March 31, 2021 (March 31, 2020 - Nil).

51.3 Details of ratings assigned by credit rating agencies and migration of ratings during the year

Products		Month of rating assigned*	Rating assigned	Previous rating assigned
(i)	Non-convertible debentures	November - 2020	CARE A	CARE A
		October - 2020	CRISIL A	CRISIL A
		July - 2020	BWR A	BWR A
(ii)	Market Linked Debentures	November - 2020	CARE PP-MLD A/Stable	CARE PP-MLD A/Stable
		October - 2020	CRISIL PP-MLD Ar/Stable	CRISIL PP-MLD Ar/Stable
(iii)	Structured Non-Convertible Debentures	March - 2021	ICRA AA+(CE) (Stable)	Not applicable
(iv)	Subordinated Bonds	November - 2020	CARE A	CARE A
(v)	Loan facility	November - 2020	CARE A	CARE A
		October - 2020	CRISIL A	CRISIL A
		July - 2020	BWR A	BWR A

* Month of rating assigned relates to rating valid on March 31, 2021

51.4 Remuneration of non-executive directors

Name of Director		Nature of payment	As at March 31, 2021	As at March 31, 2020
1	Mr. Amar Lal Daultani	Sitting Fees	7,93,520	5,50,000
2	Mr. Anand Raghavan	Sitting Fees	8,41,480	5,50,000
3	Mr. Munish Dayal	Sitting Fees	3,59,700	3,60,000

52.1 Provisions and contingencies

Break up of 'Provisions and contingencies' shown under the head expenditure in statement of profit and loss account	As at March 31, 2021	As at March 31, 2020
Provisions for depreciation on Investment	-	-
Provision towards NPA (Stage III)	7,328.25	4,777.16
Provision made towards Income tax	4,295.40	3,874.32
Other provision and contingencies (refer note 20)	553.71	740.03
Provision for standard assets (Stage I & Stage II)	8,920.39	6,982.31

52.2 Draw down from reserves

The Company has not made any draw down from reserves during the year ended March 31, 2021 (during the year ended March 31, 2020 : Nil).

Ess Kay Fincorp Limited**Notes to the Financial Statement (Continued) for the year ended March 31, 2021**

(Amount in Rs. in lakhs)

52.3 Concentration of advances, exposures and NPA's (Stage III)

	Particulars	As at March 31, 2021	As at March 31, 2020
i)	Concentration of advances		
	Total advances to twenty largest borrowers	542.52	574.84
	Percentage of advances to twenty largest borrowers to total advances	0.16%	0.19%
ii)	Concentration of exposures		
	Total exposure to twenty largest borrowers / customers	542.52	574.84
	Percentage of exposures to twenty largest borrowers / customers to total exposure on borrowers/ customers	0.16%	0.19%
ii)	Concentration of NPA's (Stage III)		
	Total exposure to top four NPA accounts (Stage III)	92.55	90.67
v)	Sector wise NPA (Stage III)	% of NPAs to total advances in that sector	
		As at March 31, 2021	As at March 31, 2020
	(i) Agriculture & allied activities	-	-
	(ii) MSME	-	-
	(iii) Corporate borrowers *	-	-
	(iv) Services	-	-
	(v) Unsecured personal loans	-	-
	(vi) Auto loans	3.77%	3.35%
	(vii) Other personal loans**	0.27%	0.24%

* Corporate borrowers are included in respective sectors

** Other personal loans include: loan against property and top-up facilities

Ess Kay Fincorp Limited
Notes to the Financial Statement (Continued) for the year ended March 31, 2021

(Amount in Rs. in lakhs)

52.4 Movement of non-performing assets (NPA's) (Stage III)

Particulars		As at March 31, 2021	As at March 31, 2020
i)	Net impaired loss allowances to loans (%)	1.90%	2.42%
ii)	Movement of credit impaired loans under Ind-AS (gross)		
a)	Opening balance	11,954.29	7,601.67
b)	Addition during the year	11,112.35	8,578.23
c)	Reduction during the year	9,199.83	4,225.61
d)	Closing balance	13,866.81	11,954.29
iii)	Movement of Net impaired loss		
a)	Opening balance	7,177.13	4,702.20
b)	Addition during the year	7,397.93	4,753.68
c)	Reduction during the year	8,036.50	2,278.75
d)	Closing balance	6,538.56	7,177.13
iv)	Movement of provision for NPAs (Stage III)		
a)	Opening balance	4,777.16	2,899.47
b)	Provision made during the year	3,714.42	3,824.55
c)	Write-off / write-back of excess provisions	1,163.33	1,946.86
d)	Closing balance	7,328.25	4,777.16

Note:- The movement of gross NPA's, provisions for NPA and net NPA presented above excludes NPA identified and regularized in the same financial year.

52.5 Overseas assets (for those with Joint ventures and subsidiaries abroad)

There are no overseas assets owned by the Company.

52.6 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, 2021 and March 31, 2020.

Ess Kay Fincorp Limited

Notes to the Financial Statement (Continued) for the year ended March 31, 2021

(Amount in Rs. in lakhs)

53 Comparison of provisioning as per IRAC norms and IND as 109 as per RBI circular DOR (NBFC).CC.PD.No.109/22.10.106/2019-20

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	1,193.08	3,424.80
	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	1,377.52	7,542.87
Non-performing assets (NPA)						
Substandard	Stage 3	12,971.76	6,758.17	6,213.59	2,575.51	4,182.66
Doubtful - up to 1 year	Stage 3	895.05	570.08	324.97	298.11	271.97
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		895.05	570.08	324.97	298.11	271.97
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		13,866.81	7,328.25	6,538.56	2,873.62	4,454.63
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	2,90,813.45	4,617.88	2,86,195.57	1,193.08	3,424.80
	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	2,873.62	4,454.63
	Total	3,44,238.24	16,248.64	3,27,989.60	4,251.14	11,997.50

Ess Kay Fincorp Limited
Notes to the Financial Statement (Continued) for the year ended March 31, 2021

(Amount in Rs. 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, 2020						
Performing assets						
Standard	Stage 1	2,54,186.64	4,597.43	2,49,589.21	1,016.75	3,580.68
	Stage 2	30,619.58	2,384.88	28,234.70	122.48	2,262.40
Subtotal		2,84,806.22	6,982.31	2,77,823.91	1,139.22	5,843.09
Non-performing assets (NPA)				-		-
Substandard	Stage 3	10,908.22	4,456.30	6,451.92	1,090.82	3,365.48
Doubtful - up to 1 year	Stage 3	1,046.07	320.86	725.21	209.21	111.65
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		1,046.07	320.86	725.21	209.21	111.65
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		11,954.29	4,777.16	7,177.13	1,300.04	3,477.12
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	2,54,186.64	4,597.43	2,49,589.21	1,016.75	3,580.68
	Stage 2	30,619.58	2,384.88	28,234.70	122.48	2,262.40
	Stage 3	11,954.29	4,777.16	7,177.13	1,300.04	3,477.12
	Total	2,96,760.51	11,759.47	2,85,001.04	2,439.26	9,320.21

Ess Kay Fincorp Limited

Notes to the Financial Statement (Continued) for the year ended March 31, 2021

(Amount in Rs. in lakhs)

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Customer complaints

Particulars	As at March 31, 2021	As at March 31, 2020
No. of complaints pending at the beginning of the year	9	-
No. of complaints received during the year	377	297
No. of complaints redressed during the year	386	288
No. of complaints pending at the end of the year	-	9

55 There were no cases of frauds during the year ended March 31, 2021 and March 31, 2020.

56 Impact of moratorium and COVID-19

In accordance with the Board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated 27 March 2020, 17 April 2020 and 23 May 2020 relating to 'COVID-19 - Regulatory Package', the Company had granted moratorium up to six months on the payment of installments which became due between 01 March 2020 and 31 August 2020 to all eligible borrowers. This relaxation did not automatically trigger a significant increase in credit risk. The Company continued to recognize interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period did not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria.

The impact of COVID-19 on the global economy and how governments, businesses and consumers respond is uncertain. This uncertainty is reflected in the Company's assessment of impairment loss allowance on its loans which are subject to a number of management judgements and estimates. In relation to COVID-19, judgements and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries, along with the associated impact on the global economy. The Company has separately incorporated estimates, assumptions and judgements specific to the impact of the COVID-19 pandemic and the associated support packages in the measurement of impairment loss allowance. Taking into consideration the impact arising from the COVID-19 pandemic on the economic environment, the Company has, during the year, continued to undertake a risk assessment of its credit exposures and in addition to the model determined ECL provision to reflect deterioration in the macroeconomic outlook.

The final impact of this pandemic is very uncertain and the actual impact may be different than that estimated based on the conditions prevailing as at the date of approval of these financial results. The management will continue to closely monitor the material changes in the macroeconomic factors impacting the operations of the Company.

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	As at March 31, 2020
(i) Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended *	1,20,371.00	53,114.28
(ii) Respective amount where asset classification benefits is extended **	Nil	4,478.35
(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	Nil

* Outstanding as on March 31, 2021 and March 31, 2020 respectively 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 has made provision for impairment loss allowance (as per ECL model) for the year ended March 31, 2021.

Ess Kay Fincorp Limited
Notes to the Financial Statement (Continued) for the year ended March 31, 2021

(Amount in Rs. in lakhs)

- 57** Disclosure on liquidity risk under RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 04, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies :-

- (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, 2021	62	3,224.36	Not Applicable	96.81%
As at March 31, 2020	47	2,556.33	Not Applicable	96.55%

- (ii) Top 20 large deposits (amount in ₹ crore and % of total deposits) - Not applicable

- (iii) Top 10 borrowings

Particulars	Amount (Rs crores)	% to Total borrowings
As at March 31, 2021	1,392.91	43.20%
As at March 31, 2020	1,580.04	61.81%

- 57** Disclosure on liquidity risk under RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 04, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies (Continued) :-

- (iv) Funding concentration based on significant instrument/product

Name of the instrument/product	As at March 31, 2021		As at March 31, 2020	
	Amount (crore)	% of Total Liabilities	Amount (crore)	% of Total Liabilities
Debt securities	1,520.32	45.65%	1,260.14	47.59%
Term loan from banks	852.52	25.60%	447.19	16.89%
Term loan from financial institutions	314.64	9.45%	196.29	7.41%
Associated liabilities under securitization	327.21	9.82%	348.19	13.15%
External Commercial Borrowings	75.23	2.26%	-	-
Short term borrowings	94.15	2.83%	264.04	9.97%
Subordinated debts	40.29	1.21%	40.48	1.53%

- (v) Stock Ratios:

Particulars	As at March 31, 2021 *		As at March 31, 2020 *	
	Total liabilities	Total assets	Total liabilities	Total assets
Commercial paper, as a % of	Nil	Nil	Nil	Nil
Non-convertible debentures (original maturity of less than one year), as a % of	Nil	Nil	Nil	Nil
Other short term liabilities, as a % of	2.83%	2.19%	9.97%	7.49%

* Other short term liabilities, as a % of total public funds during the year ended March 31, 2021 is 2.92% (March 31, 2020 : 10.33%)

- (vi) Institutional set-up for liquidity risk management

Ess Kay Fincorp Limited (EKFL) has an Asset Liability Supervisory Committee (ALCO), a Board level Sub-committee to oversee liquidity risk management. ALCO consists of Executive Director, Independent Directors, Chief Executive Officer and Chief Financial Officer. The ALCO meetings are held once in 3 months. EKFL has a Risk Management Committee (RMC), a sub-committee of the Board, which oversees overall risks to which the Company is exposed including liquidity risk management. ALCO's views on liquidity and asset liability management are presented to RMC for its independent review on a quarterly basis. The ALCO and RMC also updates the Board at regular intervals.

Ess Kay Fincorp Limited**Notes to the Financial Statement (Continued) for the year ended March 31, 2021**

(Amount in Rs. in lakhs)

- 58** During the year, to relieve COVID-19 pandemic related stress, the Company has invoked resolution plans for eligible borrowers based on the parameters laid down in accordance with the resolution policy approved by the Board of Directors of the Company and in accordance with the guidelines issued by the RBI on 6 August 2020.

a) Disclosure pursuant to RBI notification - RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated 06 Aug, 2020

(Amount in Rs. in lakhs)

S No.	Type of borrower	(A)	(B)	(C)	(D)	(E)
		Number of accounts where resolution plan has been implemented under this window	exposure to accounts mentioned at (A) before implementation of the plan	Of (B), aggregate amount of debt that was converted into other securities	Additional funding sanctioned, if any, including between invocation of the plan and implementation	Increase in provisions on account of the implementation of the resolution plan
1	Personal Loans	63	172.76	-	-	28.24
2	Corporate persons	-	-	-	-	-
	MSMEs	-	-	-	-	-
	Others	-	-	-	-	-
	Total	63	172.76	-	-	28.24

b) Disclosure pursuant to RBI notification - RBI/2020-21/17 DOR.No.BP.BC/3/21.04.048/2020-21 dated 06 Aug, 2020

(Amount in Rs. in lakhs)

Type of borrower	Number of accounts where resolution plan has been implemented under this window	exposure to accounts mentioned at (A) before implementation of the plan
MSMEs	337	1020.13

- 59** Disclosures on COVID-19 Relief Scheme announced by the Government of India, Ministry of Finance

Scheme for Grant of Ex-gratia payment

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 Rs. 914.96 lakhs 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 9.

Ess Kay Fincorp Limited
Notes to the Financial Statement (Continued) for the year ended March 31, 2021

(Amount in Rs. in lakhs)

- 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.

The aggregate amount to be refunded/adjusted to the borrower is Rs.38.34 lakhs

61 Clause 54 of the listing agreement for debt securities

The 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.

62 Additional notes

- a. Earnings in foreign currency during the year ended March 31, 2021: Nil (year ended March 31, 2020 - Nil)
- b. Expenditure in foreign currency on account of professional fees during the year ended March 31, 2021: Nil (year ended March 31, 2020 - Nil)
- c. Expenditure in foreign currency on account of payment of interest during the year ended March 31, 2021: Nil (year ended March 31, 2020 : Nil)

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

Firm Registration No: 101248W/W-100022

Ashwin Suvarna

Partner

ICAI Membership No. 109503

For and on behalf of the Board of Directors of

Ess Kay Fincorp Limited

Rajendra Kumar Setia

(Managing Director)

DIN – 00957374

Atul Arora

(Chief Financial Officer)

Shalini Setia

(Whole Time Director)

DIN – 02817624

Anagha Bangur

(Company Secretary)

Place : Mumbai

Date : May 5, 2021

Place : Jaipur

Date : May 5, 2021



'Securing Their Dreams'





ESS KAY FINCORP LIMITED

CIN: U65923RJ1994PLC009051

GST NO : 08AAACE5115F1Z2

Registered Office:

G 1&2, New Market, Khasa Kothi, Jaipur - 302 001 (Rajasthan)

Corporate Office:

36, Dhuleshwar Garden, Ajmer Road, Jaipur - 302 001 (Rajasthan)

Toll Free: **1800 1039 039** | www.skfin.in