

Naye Bharat ki Finance Company



Customer Focus



Leveraging Technology



People-First



Persistent Growth

What's inside

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Looking back at a record year

₹7,378 crores
Assets Under Management (AUM)

57% Y-o-Y growth

₹5,623 crores
Disbursements

74% Y-o-Y growth

₹223 crores
PAT

56% Y-o-Y growth

1.94%
Gross stage 3

26.1%
Capital adequacy

50.2%
Cost-to-income ratio



Scan this to view our Annual Report online.

Naye Bharat Ki Finance Company

Whether it be the youth of India or those in the later stages of life, the spirit that drives the train of Naya Bharat is equal opportunity to all, so nobody is left alone. To maintain equality and extend the hand of support is where we step in to connote

"Saath Aapke... Hamesha."

At SK Finance, we are assisting new businesses and individuals in unbanked regions of Naya Bharat by offering tailored financial solutions to fulfil their aspirations. We are proud of our role in shaping the financial landscape of rural India. Our ability to deliver services with promptness, while ensuring a seamless customer experience, has made us the

Naye Bharat Ki Finance Company.

SK Finance at a glance

Driving financial empowerment in Naya Bharat

Coming with an experience of more than 28 years, we have achieved success with a clear understanding of our customers' requirements, including how to reach them, provide service to them, and ensure that they remain happy with our services.

As India transformed into a 'Naya Bharat' with growing needs and evolving changes, we at SK Finance have remained relevant by adapting to the changing scenario. We did it by leveraging the latest tools and technologies to deliver our innovative financial solutions for Naya Bharat.

Typically, people call it an **'evolution'**.

But we call it our **'commitment'** to deliver excellence in our services.



Values



C - Customer First

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



A - Agility

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



R- Reliable

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



E- Empathy

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



Numbers speak volumes

42%
Disbursement CAGR FY17-23

44%
AUM CAGR FY17-23

6X
Growth in customer base FY17-23

10
States +1 UT

447
Branches

3.32 lakh
Customer base

8,469
Total employees as on 31st March 2023

AA-/A+
Credit Rating - Acuite/ICRA, CRISIL

>28 years
Industry experience



Our offerings

We cater to the financial needs of underserved, unbanked, rural and semi-urban pool of customers who do not find a place in the mainstream banking system, primarily in vehicle, MSME financing and mortgage loans.



Commercial vehicle loan

Customers with a driving experience, use of asset is for intra-city transport for goods transportation and captive usage



Tractors loan

Active farmer and owner of agriculture land, leveraging this product for farming and allied agri commercial activities



Cars loan

First time car buyers upgrading from two-wheelers to cars, primarily for personal use



Two-wheelers loan

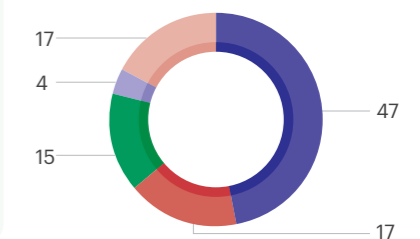
Individuals with the desire to purchase their own two-wheelers in rural and urban regions



MSME loan

Empowering retail-focused ventures like traders, medical and school supply stores, and garment shops with tailored inventory-based funding solutions.

Segment-wise revenue contribution



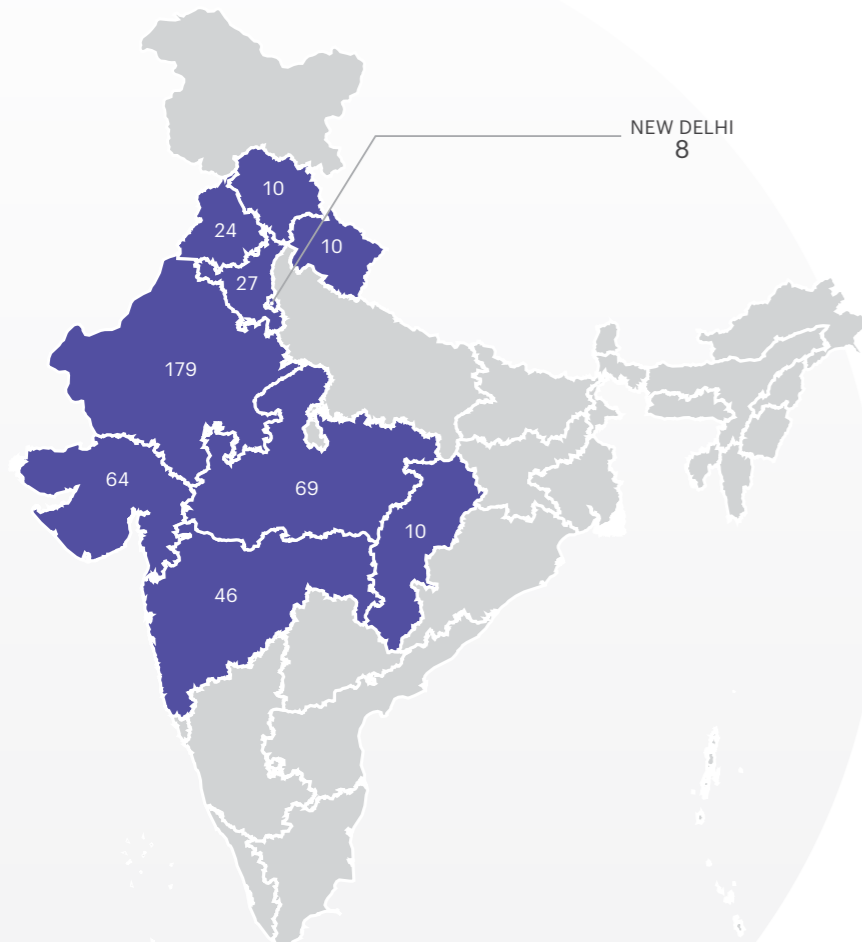
■ Commercial vehicles ■ Car

■ Tractor ■ Two-wheeler ■ MSME

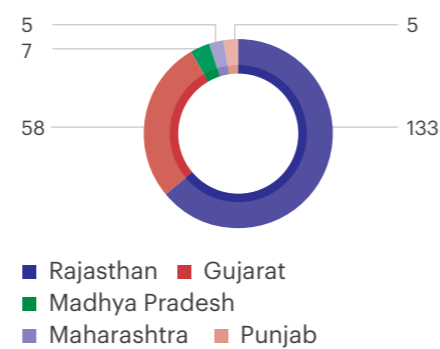
Featured story

Scaling big to play big

Establishing ourselves in the Naya Bharat, we have expanded our nationwide network to 447 branches. It has opened doors to new customers and allowed us to better serve the needs of our customers, driving our business forward and helping us build a more inclusive financial system. As we continue to serve the Naya Bharat, we are proud to report our strongest performance in 28 years, a testament to our commitment to excellence.

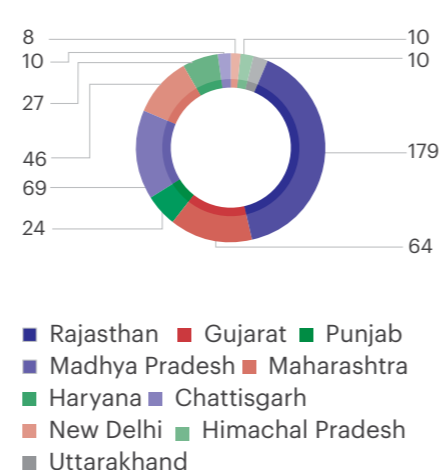


State-wise branch share in 2017



In 2017, our operations spanned across five states through 208 branches.

State-wise branch share in 2023



Headquartered in Jaipur, Rajasthan, we are steadily and strategically increasing our footprint in India.

Extending partnerships to strengthen our presence

Our network of lending partnerships is second to none, with over 60 institutions on board. From public and private sector banks to development funds and financial institutions, we work with the best to bring our clients the best.

Public Sector Banks



Private Sector Banks



Small Finance Bank



Mutual Funds



Financial Institutions



Featured story

Leveraging technology, improving productivity

We believe in embracing the latest technologies to drive productivity and deliver innovative financial solutions. In Naya Bharat's rapidly evolving business landscape, digitalisation has become a critical factor for success.

At SK Finance, we understand the importance of staying ahead of the curve. We are leveraging cutting-edge tools and techniques to optimise efficiency, streamline operations and improve customer experience. As we progress on bridging the digital highway for new India, we are exploring new avenues to deliver enhanced value to our clients.



Data analytics

We rely on data analytics as the backbone of our business, with a dedicated team using AI to create data intelligence from over one million customer data points. We use analytics to improve sales, collections, credits, and HR operations, providing intelligent and customised solutions to our customers. Our data-driven approach has enabled us to stay ahead of the competition and provide superior services.



Agility

We have imbibed digitalisation of operations thereby increasingly becoming a phygital lender. We are providing a mobile-first approach, paperless operations, and quick turnaround times. Our cloud-based system is highly efficient and secure, while our strong partner ecosystem has helped them stay ahead of the competition.



Exceptional user experience

Our operations have evolved to provide seamless customer experience while we continue to work on delivering an enhanced experience each time. We implemented the WhatsApp direct service and SKAI Chatbot in five different languages to make our user experience smoother.



Strong governance

We have a strong team of experts in place, led by professionals, who are responsible to drive the business in a responsible manner.



Flexibility

Low code/no code helps in quicker adoption and seamless integration thereby enabling faster partner collaboration.



Scalability

The use of technology has greatly enhanced our Company's ability to scale business operations by allowing the automation of repetitive tasks, streamlining of workflows, and providing real-time insights into operations.

Implementation of softwares driving our systems

<p>Finnone Business+ Sourcing+ Collections</p>	<p>Adrenaline HRMS platform to streamline employee management and engagement</p>	<p>Microsoft Dynamics 365 Managing enterprise resource planning</p>	<p>Kiya.ai A software to enhance customer experience</p>	<p>Power BI, Zoho and Bold BI Increasing the efficacy of data analytics</p>
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Elevating productivity through dynamic capabilities



Digitalisation

Initiatives

- Complete fintech ecosystem along with API integration to provide a seamless customer loan journey
- Mandate registration by biometric system helps us to cater our customers in the rural segment
- System integration with many banks for quick disbursement
- Valuation automation towards better loan servicing
- End to end journey of an employee is completely digitalised
- Candidate and consultant interaction digitised to ensure optimisation of the selection and onboarding process
- Launched our mobile app for sales to provide on the go service at ease and enhanced our collection efficiency by implementing digital collections through payment gateway apps

Outcomes

- Data accuracy
- Accurate valuation without any manual intervention
- Payroll module with processing capability in a single click
- Candidate onboarding completely digitalised
- Reduced Total Asset Turnover (TAT) in loan disbursement



Cyber and data security

Initiatives

- Vulnerability management
- Endpoint security
- Email Security
- Cyber security threat intelligence
- IT and cyber security policy framework

Outcomes

The combination of cyber security framework like vulnerability management and threat intelligence clubbed with a strong policy framework has strengthened the overall cyber resilience of the organisation and data security robustness.



Business analytics

Initiatives

- Reports that provided insights on customer satisfaction, revenue, market share
- Improved application workflow and system controls that increased efficiency and quality across all the business process
- The collection dashboard provides our collection team with real-time status on all their activities in mobility
- Readily available system trigger mailers that help with monitoring all the activities in our LMS or accounting system

Outcomes

- Regular monitoring of critical functions through system generated mails
- Reduced TAT and enhanced user experience across functions
- Better reach across branches with no manual intervention
- Timely management of critical functions through system generated reports



After sales support

Initiatives

- Automated trigger of welcome letter once customer is onboarded with us
- Our inbuilt predictive model ensures that we are able to track delinquent customers on a real-time basis
- Customer service platform that automate ticketing, routing, prioritisation, escalation and resolution of all the customer issues
- Customer payment by QR code installed across branches in India
- Mandate presentation completely digitised where presentations are done in one click
- CERSAI registration is completely digitalised now
- Digitalised channel to issue No Objection Certificate (NOC)

Outcomes

- Enhanced customer experience
- Efficient way to address grievances
- Better reconciliation with accurate payment tagging
- Ease of payment and efficient customer payment collection

Featured story

Quality assets for quality business

We have taken several measures to improve the quality of our assets, resulting in a stronger business profile. One of the critical steps taken was our focus on X-bucket collections, which has helped us stay ahead of the game.

Robust asset quality



Underwriting moats



Comprehensive credit assessment



Focus on delinquent pool



Focus on X-bucket collection



Strong governance framework



“ Our constant endeavour to improve customer experience combined with our well evolved underwriting moats have resulted in a strong and sustained asset quality which results in value creation of all stakeholders. ”

Featured story

Customer-centricity at the core

We keep our customers at the heart of everything we do. With over 2.5 decades in the business, we have a deep understanding of local markets and a strong on-ground presence that makes us easily accessible to our customers.

We have the utmost regard for our customers and are totally focused on taking our customers' experience and our service delivery to the next level. We have a robust and automated mechanism for redressal of customer grievances and we continue to stay committed to delivering our customers a delightful experience.

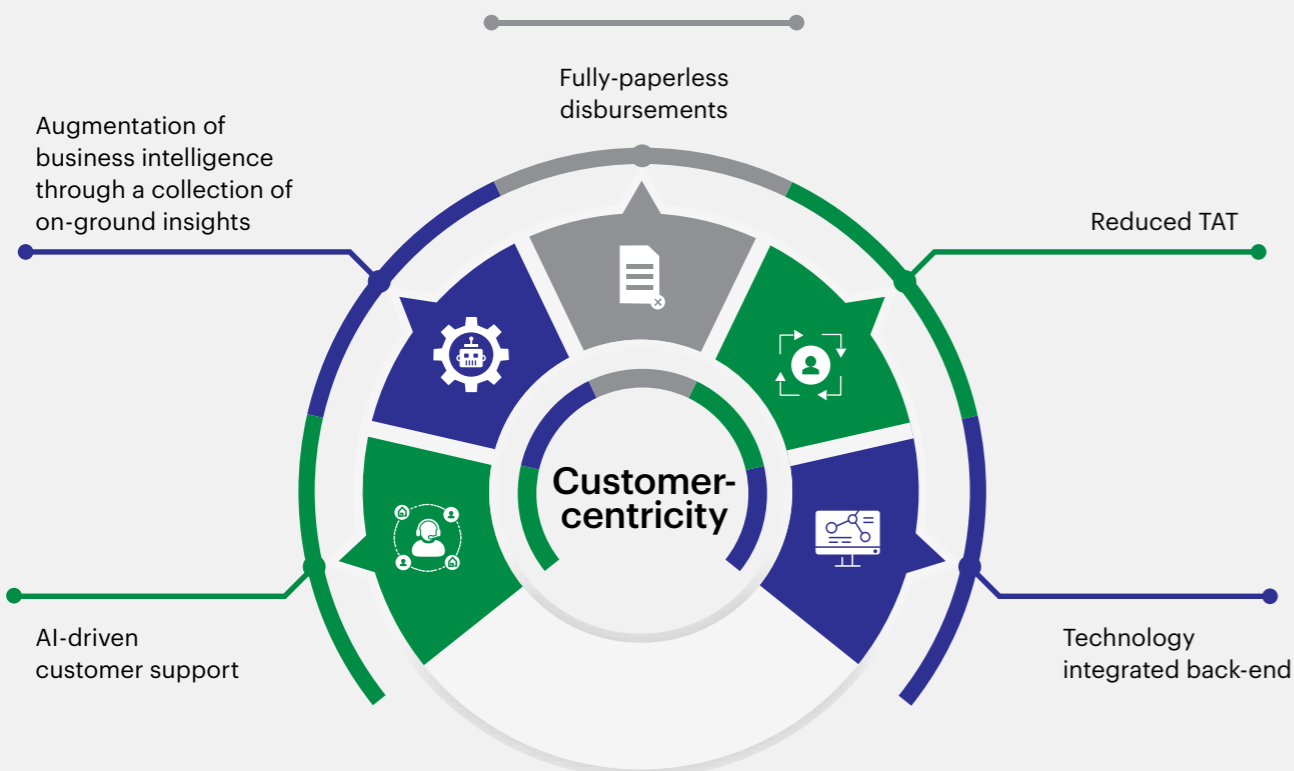
The Company during the reporting year has revamped its policies

and processes to classify customer communications into queries, requests and complaints for better customer service and resolution of concerns.

Our focus on last-mile delivery is our key differentiator. We believe in providing personalised solutions and prompt service to ensure customer satisfaction. This commitment to customer-centricity is reflected in our product development,

customer service, and overall business strategy.

Our goal is to exceed customer expectations and build long-lasting relationships. With our customer-centric approach, we strive to be the preferred choice of lender for our customers in the markets we serve.



Initiatives



All our customers are partners in our mission

SK Chai Chaupal

We celebrated 'Chai Chaupal Diwas' across 350+ branches in eight states. Our aim was to promote financial well-being among our customers and understand their financial needs better. This initiative successfully reached out to more than 1,00,000 customers, where we delivered valuable insights into the financial requirements of these customers. This approach enables us to offer better products and services that cater to their needs and helps us build stronger, long-lasting relationships with our customers.

350+
Branches celebrated 'Chai Chaupal Diwas' across eight states

1,00,000+
Customers reached successfully

SK Loan Gaadi

The 'SK Loan Gaadi' initiative has successfully reached over 152 locations in Rajasthan and Madhya Pradesh, spreading awareness about various financial services to more than 14 lakh customers. This initiative has played a significant role in guiding individuals towards making informed financial decisions, preventing them from falling into debt or other financial troubles, and ultimately helping them achieve their financial goals.



152+
Reached in Rajasthan and Madhya Pradesh

7.40 lakhs
People were reached

Chairman's message

A year of resilience, growth and transparency



We built on our inherent strengths and market knowledge to continuously question the status quo, revisit traditionally accepted models, and design our customer journeys to be convenient, simple and intuitive through learnings, innovation and right execution.



Amar Lal Daultani
Chairperson, Independent Director

Dear shareholders,

As the year passed, I am proud of your Company's progress despite challenging macroeconomic scenarios. In more ways than one, this has been a milestone year for us, both in terms of operational performance as well as in ensuring increased transparency and reporting alike our listed peers.

I am happy to assure all our stakeholders that we are fully committed to serving your

interests and scaling up business through progressive growth on all parameters. We reiterate with pride and humility that the company was able to deliver on all our stated commitments, goals and objectives while progressing on our strategic focus areas in the year gone by.

Macroeconomy – rough road to recovery

On the surface, the impact of the pandemic and the Russia-Ukraine

conflict continue to weigh in, however, the global economy appears poised for a gradual recovery. While the supply chain disruptions from last year are still unwinding, the strong reopening of the Chinese economy is very assuring.

On the other hand, the massive and synchronous tightening of monetary policy by most central banks in order to reign-in inflation

has created some uncertainty on the growth outlook. As per IMF's forecast, global growth is likely to bottom out at 2.8 percent this year before rising modestly to 3.0% in 2024, led primarily by advanced economies.

Domestic economy

India's financial sector remains resilient and stable. The Reserve Bank of India in its bulletin – April 2023, has indicated the broadening of economic activity and the expected moderation in inflation will further bolster India's macroeconomic stability. India continues to shine as a bright spot in the global economy today.

For us at SK, FY23 proved to be a year of opportunities, backed by our infrastructure built in during the time of the pandemic. We remained upbeat in our performance achieving record growth each quarter. Our robust risk management capabilities ensured that our asset quality remained strong while we continue to drive forward.

At the close of FY23, we recorded a 74% disbursement growth, 57% AUM growth, and 56% PAT growth while maintaining a healthy capital adequacy of 26.1%. We continued to navigate the macro-scenario well, even amid challenges such as inflation and policy tightening. We are well-positioned to grow steadily, and achieve sustainable growth and stability, underpinned by our scale, granularity, and, most importantly, the quality of our asset books. We are backed by marquee investors who have supported us through the pandemic and their faith in us is a testament to our performance.

Journey 2023

Our performance conveys the story of yet another remarkable year for us. We are continuously

Our performance conveys the story of yet another remarkable year for us. We are continuously enlarging our quality of services for our customers backed by technology advancements across the organisation. Our goal is to serve the larger cause of financial inclusion and financial literacy, aligning ourselves with the larger government goal of the National Mission for Financial Inclusion.

enlarging our quality of services for our customers backed by technology advancements across the organisation. Our goal is to serve the larger cause of financial inclusion and financial literacy, aligning ourselves with the larger government goal of the National Mission for Financial Inclusion. Looking back, we have stayed true to our purpose. We have been able to deliver and go beyond the commitments we made to various

stakeholders. We established strong processes, further improving our solid risk management framework and the right pricing strategy. We built on our inherent strengths and market knowledge to continuously question the status quo, revisit traditionally accepted models, and design our customer journeys to be convenient, simple and intuitive through learnings, innovation and right execution. We would not have been able to deliver this without the sheer hard work and dedication of our employees. I would like to convey my congratulations to the team on delivering a strong performance. I would also like to congratulate the MD and CEO for delivering an impeccable performance operationally and ensuring that the team is well motivated.

It is at this juncture, that I am grateful to have been chosen to Chair the Board. First, I would like to thank my predecessor at delivering an impeccable performance and ensuring apt freedom of the Board thereby encouraging everyone's valued inputs. Secondly, I would also like to thank the Board for giving me the opportunity to steer the way forward.

Looking ahead, we remain optimistic about your Company's prospects. Our strong balance sheet enabled by technology and a talented team will only help us to continue to deliver long-term value for our shareholders.

Amar Lal Daultani
Chairperson, Independent Director

MD and CEO's message

Executing excellence, empowering Naya Bharat



True to catering to a new India, we have successfully built a – "NAYE BHARAT KI FINANCE COMPANY" – reiterating our thought of providing best-in-class customer services and thereby building long-term sustainable value for all stakeholders.



Rajendra Kumar Setia
MD and CEO

Dear shareholders,

This sums up how our last seven years were – our growth journey. We practically came together over the last seven years. During the pandemic, we kept together and built our strength, while the last year, was the output of all our hard work.

The World economy has become increasingly dynamic. Many macroeconomic events post-pandemic, like the Russia-Ukraine conflict, and the rising interest rate scenario globally have resulted in an uncertain global economic outlook.

Although externally, the global economy appears to be on a path to a gradual recovery, the immense and systematic tightening of monetary policy by most central banks has led to an impact on the financial sector worldwide. Following the prolonged period of muted inflation, this seemed like par for the course with global inflation now moving back – although far from the targeted levels. The US Federal Reserve took a first hike in interest rate in March 2022 and till March 2023, it took a total of 9 hikes taking the base rate to 5.0% from 0.25% - the pace of rate hikes being the quickest since

the 1970s. Rising inflation across the globe has also put other central banks on the defensive increasing base rates which have had an impact on growth. As a result, global growth and consumption has taken a hit. As per the IMF, global growth will bottom out at 2.8% this year before rising modestly to 3.0% in 2024. Global inflation will decrease, although more slowly than initially anticipated, from 8.7% in 2022 to 7.0% this year and 4.9% in 2024. The slowdown is concentrated in advanced economies, while the emerging market economies fare better.

In India, the Reserve Bank has also increased repo rate by 250 bps from 4.0% in April 2022 to 6.5% in April 2023. In April 2023 MPC meet, after the assessment of the macroeconomic situation and its outlook, it decided unanimously to keep the policy repo rate unchanged at 6.5% with a narrative of "readiness to act, should the situation so warrant" – indicating a cautious approach. Amidst the volatility, the MPC indicated that the banking and non-banking financial service sectors in India remain healthy and that the financial markets have evolved in an orderly manner while the economic activity remains resilient, suggesting that despite the unprecedented volatility in the global economy, India remains on the growth path.

Despite so much economic turmoil and rising interest rate pressure, lending industry did not see any dip in the overall credit growth. As per RBI data, credit growth for banks grew by 15% Y-o-Y, which is highest since FY12. This is an encouraging indicator signifying that the consumption demand within the economy remains robust. Overall, India's financial sector remains fairly resilient and stable.

SK Finance

True to catering to a new India, we have successfully built a – "NAYE BHARAT KI FINANCE COMPANY" – reiterating our thought of providing best-in-class customer services and thereby building long-term sustainable value for all stakeholders. Continuing this thought, we took various new initiatives to strengthen our deliverables and increase our presence. In the year gone by, we have continued to build on various aspects of business which has helped us scale to greater heights.

Technology has always played a crucial role in our growth. Our Company has continued to invest in various technology initiatives to remain competitive. As we continue to navigate the ever-changing landscape on technology, we remain committed to invest in the latest technology and utilising it to achieve our business growth. We have channelled our focus on making our technology infrastructure agile and flexible

by imbibing a low code/no code environment which helps us to adapt and improve our systems on a real-time basis.

Our primary focus has always been to work on the customer lifecycle and improve the quality of our delivery to the end consumer. We have leveraged technology to drive this and have achieved phenomenal results. We continue to focus on building our analytics to ensure that our business model is agile and scalable with the intent of providing quality-curated products and services to our customers.

We institutionalised our branding operations by on-boarding senior professionals. With the pace of growth your company has witnessed in the last five years, it was essential for us to focus on building a strong team. With digital being a growing platform for communication, we channelled our focus on initiatives to reach customers through our website and other social media formats. Working on the customer lifecycle we initiated multiple marketing campaigns in the rural areas keeping in mind our customers' requirements. Physical reach with a digital touch (Phygital approach) has gone a long way in expanding our reach to the customers and providing them with products and services that are relevant to them.

Financial performance

Your company witnessed an unprecedented year of performance. As on 31 March 2023, we increased our presence across 447 branches across 10 states and union territories. We launched business in three new states in FY22 with a focus on further penetrating these new states as well as catering to the humungous opportunities in our existing states. I am also proud to state that in the year gone by, we crossed ₹1,000 crore of AUM in the MSME business segment which today contributes 16% of the overall book.

In FY23, the company recorded highest ever disbursement of ₹5,623 crore recording a growth of 74% Y-o-Y. As a result, the AUM grew to ₹7,378 crore recording a growth of 57% Y-o-Y. Profit after tax for the

year was ₹223 crore, a growth of 56% Y-o-Y primarily driven by benefits of scale, improvement in productivity and remarkable improvement in asset quality closing the year with a GS3 of 1.9%, improving by 90 bps Y-o-Y. As a result, we achieved an ROA and ROE of 2.8% and 12.9% respectively and on a path to deliver consistent and quality returns.

Outlook

Domestic demand continues to be strong. India is at the forefront of global consumption today. The Indian economy has evolved well after the pandemic and continues to remain strong. I believe we have entered an exciting and dynamic phase of growth, albeit with ups and downs. During this time, we must stay loyal to our basic values and focus on developing a strong organisation centred on meeting the requirements of our customers. This has led us to understand the needs and preferences of our customers in the rural and semi-rural regions and helped us connect with them at the grassroots level. This has also led us to become a part of serving the underserved and underbanked customers and help partner in their journey of entrepreneurship and well-being.

We could not have delivered this without the help of our employees – our brand ambassadors. I would like to take this opportunity to thank our employees for their hard work, dedication and their belief in working together to build a stronger SK.

Looking ahead, we recognise that the business environment remains challenging in the existing high-interest rate scenario coupled with the global vagaries which are not in our control. Having been in the business now for over two decades, we have learnt to be agile in our approach to managing risks. We are confident that our strong foundation, solid partnership, and able workforce will continue to embrace ourselves as the Naye Bharat ki Finance Company.

"The journey continues"

Rajendra Kumar Setia
MD and CEO

Whole-time Director's message

Fuelling growth through customer-centricity



“Our future focus will be on increasing productivity, which will lead to increased operational efficiency.”

Yash Setia
Whole-time Director

Dear stakeholders,

I am delighted to be part of this wonderful team. At our Company, we are truly trying to make products that our customers will need. We also have worked tirelessly to make customer service a focal point of our delivery and thereby create our differentiation from the rest. Imbibing technology to achieve this has been our endeavour in the past and I am proud to say that this has contributed meaningfully to

our end goal. We have also seen vast opportunities available to us because of the opening of the digital ecosystem and we are well placed to participate in the same.

A return of the world economy to the pace of economic growth that prevailed before 2022 and the recent financial sector readjustment looks distant. Further, the recent tightening in global financial conditions is prolonging the return

to normalcy. As a result, many economies are likely to experience slower growth in income in 2023. Central banks are focusing on managing inflations through multiple hikes in interest rates further increasing the wait to recovery. For emerging markets and developing economies, economic prospects on average look stronger than for advanced economies. India on the other hand, remains a bright spot in the world economy today.

As per RBI, India's real Gross Domestic Product (GDP) is expected to record a growth of 7.0% in FY23. Signifying that the economic activity in the country remains resilient.

As indicated, domestic economic environment remains fairly resilient in the face of the turmoil globally. For the Company, FY23 proved to be a record year for the Company. We disbursed ₹ 5,623 crore with the growth of 74% in the year recording the highest-ever disbursements made by the Company in its lifetime in a single fiscal year. This is a proud feat for us and signifies that the Company has moved from strength to strength. In the face of global headwinds and interest rate reversal, macro environment has become challenging. In the face of these challenges, our Company has remained resolute in its quest for growth. Domestically, things look upbeat especially in the lending space. Financial services industry has performed admirable both on the growth as well as improved asset quality.

As set out last year, our vision for the Company is to be first and foremost work towards enhancing the customer lifecycle – thereby defining us as the 'Naye Bharat Ki Finance Company'. Continuing from the previous year, our focused approach towards execution yielded a strong operational performance. Our expansion strategy has always centred upon risk-adjusted returns and today, on the back of adequate investments in people and infrastructure we have grown at a rapid pace.

During the previous year, we expanded to three more states, namely Himachal Pradesh, Uttarakhand, and Delhi NCR, taking our total presence to ten states and one union territory. This year, we consolidated our presence in

“In the preceding year, our footprint extended to encompass three additional states namely, Himachal Pradesh, Uttarakhand, and Delhi NCR. This expansion brought our overall presence to ten states and one union territory. Our strategy has shifted from further expansion to solidifying our standing in these three geographic areas.”

these three geographies rather than expanding our reach further. We prioritised set up and execution in these three states.

During FY23, we continued to build our infrastructure by building our digital capabilities as well as adding members to our team. We added over 1,700 employees to the SK Family further strengthening our team. Our future focus will be on increasing productivity, which will lead to increased operational efficiency. We also successfully onboarded 1.37 lakhs new customers to SK and with adequate investment in technology and increased focus on digital initiatives, we hope to deliver seamless service while continuing to make financial services available to the unbanked and under-banked.

As we enter FY24, it looks to be full of excitement and promise. We are confident of carrying forward from where we closed the fiscal year 2023 with the same energy and positive attitude. In this period, we will have to face various challenges both global and domestic. But our experience of running the business for the last two decades has taught us to continue to persevere

and stay true to our basic values focusing on developing a strong organisation centred on meeting the requirements of our consumers. I am grateful to have colleagues who bring their rich experience to the fore in challenging times and deliver at the highest-level. We will continue investing on technology to improve our productivity, operational efficiency and delivering better quality of service.

Finally, I would like to express my gratitude to the Board of Directors who have supported us and hope to continue to be guided by them as we move ahead to our next phase of growth.

Yash Setia
Whole-time Director

CFO's message

A resounding message of excellence



“We will continue to invest in our people, technology, and products to enhance our competitive position and deliver value to our stakeholders.”

Atul Arora
Chief Financial Officer (CFO)

Dear stakeholders,

Firstly, I would like to take this opportunity to thank our shareholders, employees, customers and partners for their continued support and commitment in our Company. Our success is a testament to our Company's strong leadership, talented people and customer-centric culture. We remain committed to maintaining our competitive advantage by investing in our people, processes,

and technology to drive innovation and efficiency.

I am happy to share that the year gone by was a fantastic year where growth and profitability achieved were in line with our expectations. Despite the ongoing economic challenges, our company has remained steadfast in its pursuit for growth and opportunity. We have grown our disbursement by 74% to ₹ 5,623 crore over previous financial

year, driven by all segments of our business. Our SME business vertical which has now grown to meaningful size and comprises of ~16% of the overall book. FY23 was operationally an excellent year not just for SK Finance but for the industry as a whole. On the back of a tepid two years on account of the pandemic, there was significant pent up demand across the country which was reflected in the credit growth of 15% Y-o-Y in bank credit in FY23.

We started the year on the back of significant investments which we made in the last couple of years. Execution was the flavor of the day for us in the previous fiscal – and we delivered well on that aspect of business. In this year gone by, we reported the highest ever disbursement in the Company's history, with a disbursement of ₹ 5,623 crore. As a result, the Company closed the fiscal year with an AUM of ₹ 7,378 crore a growth of 57% Y-o-Y. While we continued to improve our pace of growth, our quality of earnings also improved. We ended the fiscal

year with a Profit After Tax (PAT) of ₹223 crore, a 56% increase over the previous fiscal and a RoAAUM of 3.5%. Growth in interest income was supported by stronger disbursements across all business sectors during the year.

In the year of rising interest rates, we were able to manage our overall cost of borrowings with an increase of only 9 bps to 9.3% during the year. This is a result of our diversified debt portfolio spread across over 60 lenders and across multiple instruments. In FY23, we raised ₹5,897 crore in incremental

borrowing at an average incremental cost of borrowing of 8.9% interest rate. During the reporting year, we also received a rating outlook improvement from CARE moving our ratings from AA- with a positive outlook from a stable outlook.

Our asset quality continued to surprise on the positive end. This led to improvement in our credit costs thereby contributing positively to PAT. We ended the year with Gross stage 3 assets of 1.9%, an improvement of 89bps over the previous year. For the industry on the whole, asset qualities improved on the back of measures taken during the pandemic. We at SK Finance, took that extra effort to educate our customers of timely payment of EMI, which has helped us further address the NPA recognition criteria based on RBI circular dated November 2022.

In FY23, we added a total of 24 branches taking our total branches to 447 as on 31st March 2023. Geographically our exposure in our home state of Rajasthan, now stands at 56% of AUM. Incrementally, the three new states of Himachal Pradesh, Uttarakhand, and Delhi NCR, where we started operations in FY22 have made significant progress and contribute 3% of AUM as compared to less than 1% in March 2022.

Looking ahead, our Company is well-positioned to capitalise on the opportunities that lie ahead. We will continue to invest in our people, technology, and products to enhance our competitive position and deliver value to our stakeholders. I would like to reiterate my gratitude to all our stakeholders for their support and trust in our company. We remain committed to deliver a strong performance, while creating long-term value for all our stakeholders.

Atul Arora
Chief Financial Officer (CFO)

Operational Snapshot (₹ Crore)	FY23	FY22	Y-o-Y (%)
Disbursement	5,623	3,226	74%
CV	2,731	1,562	75%
Car	979	610	60%
Tractor	726	579	25%
TW	307	143	115%
MSME	879	332	164%
AUM	7,378	4,714	57%
CV	3,471	2,291	52%
Car	1,282	841	52%
Tractor	1,116	854	31%
TW	291	145	101%
MSME	1,217	583	109%

Financial Performance (₹ Crore)	FY23	FY22	Y-o-Y (%)
Total Income	1,314	821	60%
Finance Costs	547	347	58%
Net Interest Income	695	428	62%
Net Total Income	767	474	62%
OPEX	385	280	37%
PPoP	382	194	97%
Credit Costs	92	16	463%
PBT	290	178	63%
PAT	223	143	56%
Networth	1,832	1,596	15%
ROAAUM (%)*	3.5	3.6	(5) bps
ROAE (%)*	12.9	9.8	308 bps
Gross Stage 3 (%)	1.9	2.8	(89) bps
Capital Adequacy (%)	26.1	30.4	(432) bps

*Average calculated on last four quarter numbers

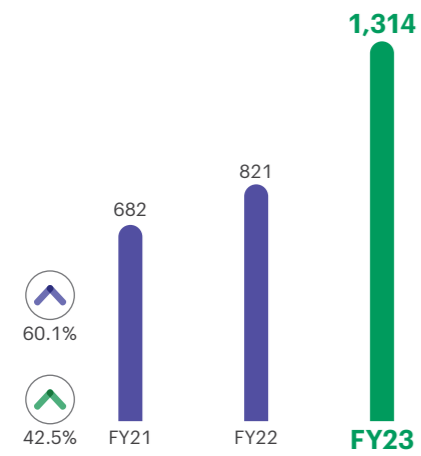
Key performing indicators

Breaking records of growth

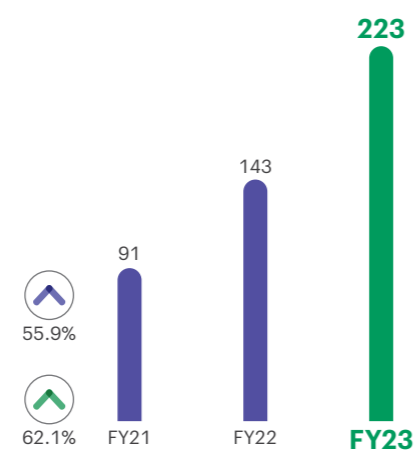
Our performance narrates the tale of yet another exceptional year, showcasing our ongoing journey of success and growth.

Financial performance

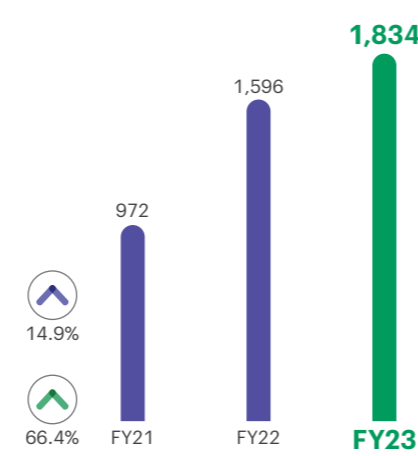
Total income
(₹ in crore)



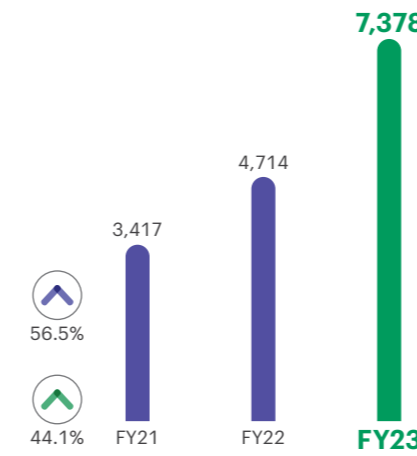
Profit After Tax (PAT)
(₹ in crore)



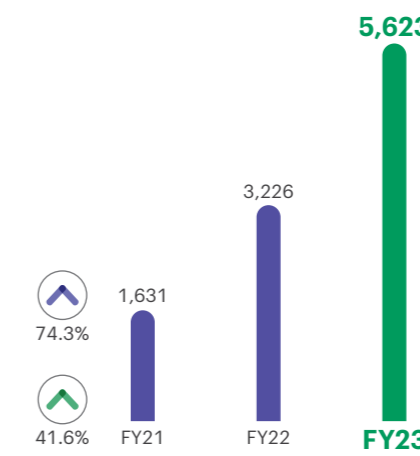
Net Worth
(₹ in crore)



AUM
(₹ in crore)



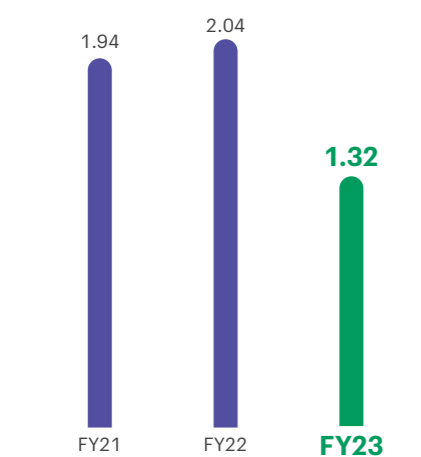
Disbursements
(₹ in crore)



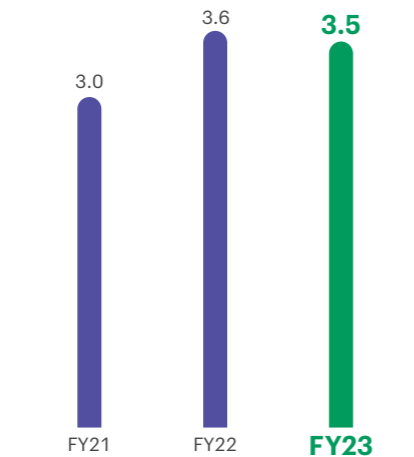
Gross stage 3
(%)



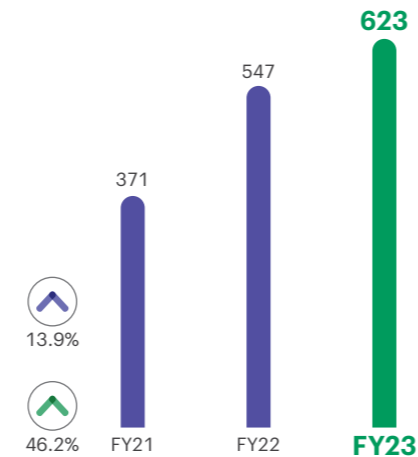
Net stage 3
(%)



Return on average AUM (ROAAUM)
(%)

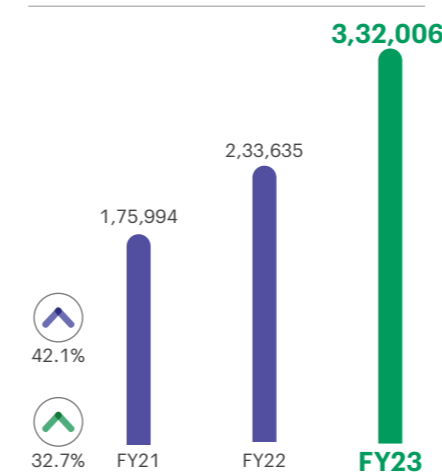


Book Value per share
(₹)



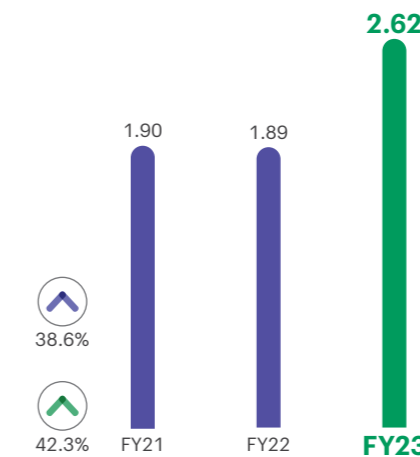
Operational performance

Active customers

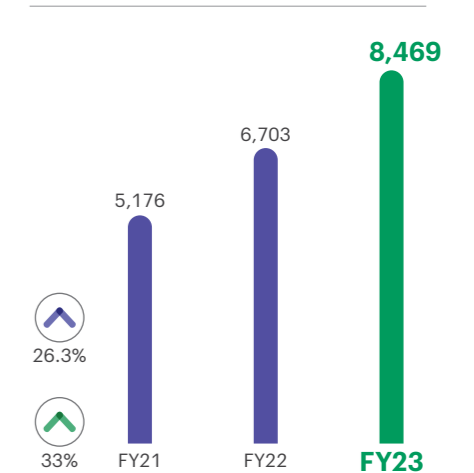


Social impact

CSR spend
(₹ in crore)



Employee strength



▲ (Y-o-Y Change) ▲ (6-year CAGR)

▲ (Y-o-Y Change) ▲ (6-year CAGR)

Operating environment

Capitalising on a strong domestic demand

Our strong infrastructure has helped position us to take advantage of the strong domestic demand in the geographies in which we operate. Technology has helped us exploit this in a far more clinical manner thereby resulting in improved productivity and higher profitability. Today, with our presence across 10 states, we are able to deploy tech to drive business intelligence thereby evolving our credit and underwriting processes.

Leading through the emerging trends

Used vehicle financing experiencing rapid growth

There continues to be a significant opportunity in the used vehicle finance space. Higher competition is a testament to the fact that there is increasing demand in the segment. Further, organised players in the segment having a deep penetration backed by streamlined processes driven by innovative technology are clearly well-positioned to take advantage of the this opportunity.

MSME credit gap

As per the MSME Ministry Annual Report, there are a total of 70 million MSME's in India today which account for 30% of GDP and employs more than 110 million people in the country. Furthermore, as per the National Sample Survey, of these 70 million MSME's majority are micro MSME's and more than 50% reside in rural India. The credit gap in the MSME space in India was estimated at USD 58 trillion by IFC in their report "Financing India's MSME" which was primarily met through informal sources. This highlights the huge opportunity for lenders with a granular presence to provide these MSME's with access to formal lending segment.



Credit scoring and underwriting

Credit scoring and underwriting are vital functions for an NBFC as they aid in evaluating the creditworthiness of borrowers and mitigating credit risk. Traditionally, credit scores have been formulated based on a borrower's credit history, which takes into account factors like payment history, credit utilisation, and length of credit history. However, the practice of using alternative data sources is becoming more prevalent, especially for underserved populations who may lack a conventional credit history. This enables NBFCs to assess creditworthiness through a broader lens and provide more

inclusive financial services to underserved communities. As such, NBFCs are increasingly leveraging technological advancements to incorporate new data sources and enhance their credit scoring and underwriting processes.

Regulatory/statutory compliance

RBI Governor Mr. Shaktikanta Das in his address mentioned that, "The financial sector in the country have to be resilient at all times. They should have the inner strength to withstand even the most stressful times. The RBI has significantly strengthened its regulations and supervision..." In the wake of the

unification of the supervisory architecture within RBI, shift has happened from episodic to continuous supervision; enhanced surveillance and deep dive into vulnerable areas have also led to several regulatory initiatives. To effectively manage compliance obligations, NBFCs need to stay abreast of regulatory changes and invest in technology to streamline the compliance process. In this way, NBFCs can maintain compliance and mitigate the risk of penalties or legal action, while also optimising their operations and remaining competitive in the market.

Our response

Navigating challenging situations requires a combination of focus, risk management, and effective communication. At SK Finance, we are focused on leveraging the technologies to meet the needs of business, while remaining competitive in the market. Our performance over the last five years is a testament to our performance. This is further reiterated through our consistent credit upgrade through these years.

As we progress, we remain committed to providing best-in-class customer service and carefully crafted products that

cater to their needs. Having gone through several business cycles, we have emerged stronger after each cycle. We endeavour to maintain this reputation by consistently improving and adapting to the evolving market landscape. Our focus is to keep our customers at the forefront of our operations and offer them the best possible experience. We remain dedicated to this goal, striving to achieve it each day.

Strategic priorities

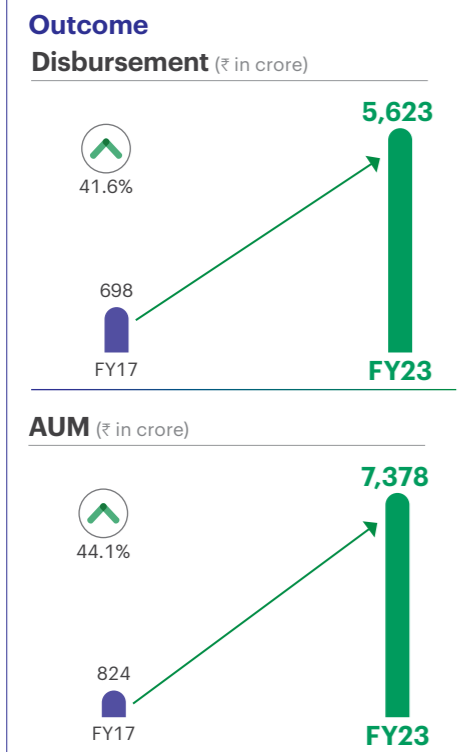
Four pillars, one-goal

At SK Finance, we have been committed in creating long-term value for all our stakeholders by keeping one goal in the mind, built on 4 strategic priorities.

Our goal is to become the best lending franchise in India

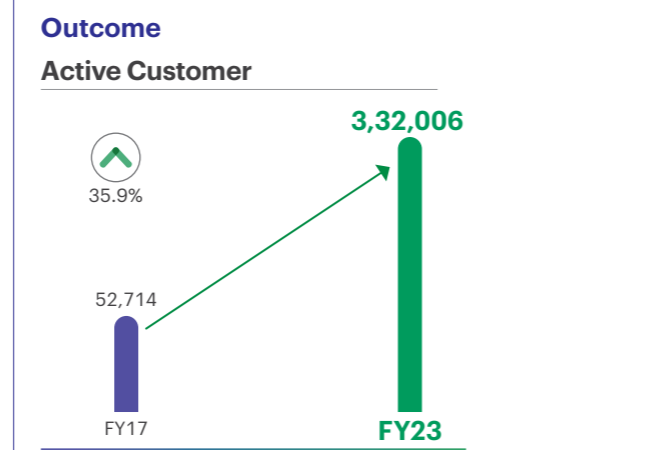
Focus on growing the vehicle financing and scaling SME

We are one of the largest financiers of used vehicles in the country, in geographies and products in which we operate. With a proven track record of rapid growth over the past five years, we are well-positioned to continue our growth trajectory, with ample opportunities available in both, used vehicle finance market and the SME sector. With its deep industry knowledge and innovative financing solutions, the company is poised to capture a larger share of these markets and further expand its customer base.



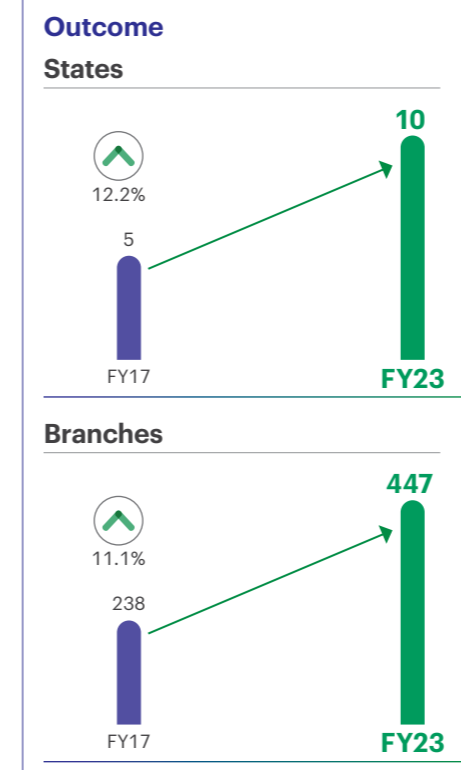
Focusing on local ecosystems

We have developed a highly resilient business model that is built on robust customer profiling and underwriting practices. This enables us to prioritise serving a niche customer base largely inelastic to macroeconomic shifts. By strengthening our focus on the local ecosystem and leveraging deep understanding on customers' needs and behaviors, we are forging a reputation as the go-to partner for individuals seeking personalised financial solutions. Our approach caters to their distinct requirements, solidifying our position as a trusted provider in a dynamic financial landscape.



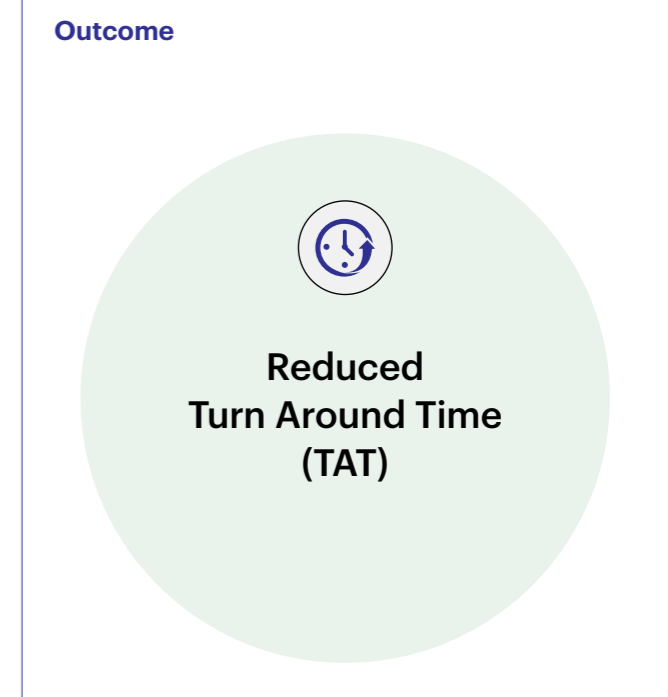
Pan India Playbook ready

As at March 2023, we are present across 10 states through 447 branches. The company has also been able to diversify its product portfolio across vehicles and MSME business verticals. SK Finance has pivoted to become a PAN India player with a significant presence in the rural and semi-urban areas thereby well positioned to take advantage of the vast and fast-growing opportunity in both its business vertical. Technology intervention has further amplified this reach.



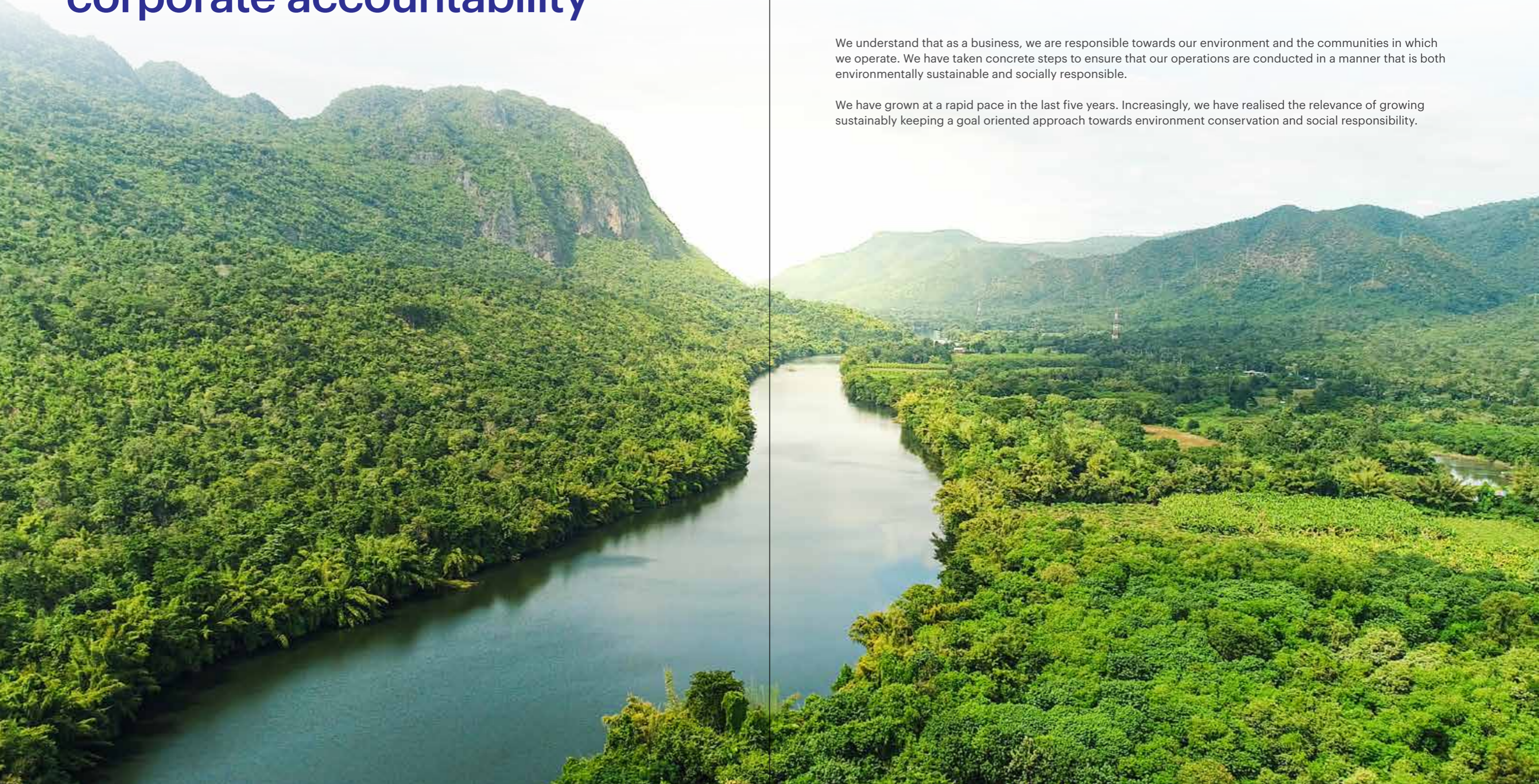
Powering progress with tech-led feet-on-the-street model

We have developed a technology infrastructure that enables our sales teams to be more efficient and effective in reaching out to customers. We have developed mobile apps which enable our sales teams to capture customers data and perform various tasks on the go, reducing onboarding time of customers. This technology-driven approach has not only made the sales process faster, but has also improved the overall customer experience. Through our tech-led feet-on-the-street model, we combine the best of both worlds - leveraging technology to make processes more efficient and provide a personal touch to ensure high customer interaction.



ESG backbone

Demonstrating corporate accountability



Expecting growth in business happens only if we act responsibly. At SK Finance, we have recognised the importance of upholding both our corporate and social responsibilities.

We understand that as a business, we are responsible towards our environment and the communities in which we operate. We have taken concrete steps to ensure that our operations are conducted in a manner that is both environmentally sustainable and socially responsible.

We have grown at a rapid pace in the last five years. Increasingly, we have realised the relevance of growing sustainably keeping a goal oriented approach towards environment conservation and social responsibility.

Environment

Reshaping today for a sustainable tomorrow

We are fully committed to promoting sustainable business practices and reducing its impact on the environment. In line with this commitment, we have implemented various energy-efficient technologies and practices in our buildings and operations. This includes the use of LED-lighting, optimisation of heating and cooling systems, and reduction of water consumption. By adopting these measures, we are striving to minimise our carbon footprint and contribute towards building a sustainable future.



Our Initiatives

Enhance clean energy utilisation

The Company had secured debt capital from FMO and Global Climate Partnership Fund in FY22 specifically aimed at reducing CO₂ emissions by financing or re-financing CNG vehicles. In the year gone by, the Company focused on deploying and ensuring the use of this capital ensuring the successful deployment of this capital. This has given the Company the confidence to raise further capital targeted towards enhancing clean energy funding.



Water conservation

By transitioning from plastic to glass bottles, we have achieved a dual benefit of reducing water wastage and improving waste management through a significant reduction in plastic usage.



Conservation of energy

We are committed to enhance energy-efficiency and effectively manage our energy footprint throughout our organisation. To drive this initiative, we have implemented various key measures,

such as the widespread adoption of LED lights across all our office premises. By embracing energy-efficient lighting solutions, we contribute to a more sustainable and environmentally friendly operational approach.

Social – people

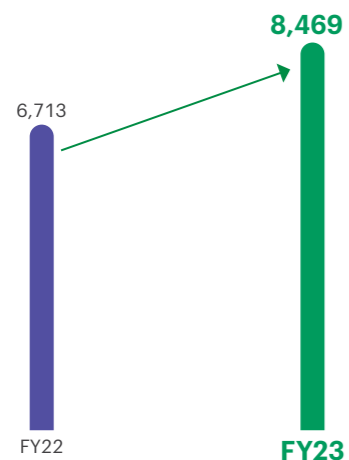
Empowering people is empowering business

We believe in putting our employees at the helm of our success. They are not just a valuable asset, but also the driving force behind our healthy performance. Our employees are the ones who bring life to our vision, mission, and values. They are the ones who embody our culture and bring it to life, day in and day out.

**When they bring so much to our table...
...we ensure to give them back through**



Resulting in net increase of employees



Initiatives undertaken for our employees

As an organisation, we are fully committed to implement a range of initiatives aimed at empowering our employees to reach their highest potential. Through ongoing training and development programs, mentoring opportunities, and a supportive work environment, we create the conditions necessary for our employees to perform at their best.

Diversity and equality

We believe in treating all our employees equally and acknowledging their capabilities, regardless of any discrimination. We conduct performance evaluations without any bias, ensuring that every employee has an equal opportunity to grow and succeed.

We provide a platform for our employees to opt for holidays based on their local festivals, allowing them to celebrate their

cultural traditions without any hindrance. We also take special care to ensure gender equality within the organisation, with recruitment processes that does not consider gender as a factor. Our commitment to equality and fairness is unwavering, and we continuously strive to create a workplace culture that is inclusive and supportive of all our employees.

Performance based incentives

Our organisation believes in inclusive employee growth. Our competitive performance-based incentive policy fosters entrepreneurship and rewards employees based on their contribution to profitability. This culture promotes collaboration, teamwork, and shared goals, driving the success of our organisation.

Enhanced coverage: GHI benefits

We recently announced the inclusion of enhanced coverage for Group Health Insurance (GHI)

benefits. The updated policy increases the limit of the sum assured, offering employees a wider range of healthcare benefits and greater financial protection.

We only provide the GHI benefits to employees who are on the payrolls of the company and who are not covered under the ESI Act. The sum insured is on a family floater basis and family consisting of self-spouse and two children (up to 25 Years).

Employee health and well-being

At our organisation, we prioritise the health and well-being of our employees. This encompasses both their physical and mental health. To increase awareness around mental health, we have introduced a month dedicated to this cause. Our HR team is in constant communication with our employees to ensure that any grievances are addressed promptly.

Paternity leave

By introducing this policy, we are fostering a workplace culture that supports the well-being of our employees and recognises the importance of family and personal life outside work.

Employee Value Proposition (EVP)

We have implemented the EVP, which serves as a consistent platform for managing employer branding and experience. The EVP acts as a magnet that ensures a clear growth path for the employee which is objective and goal oriented.

Learning and development

We prioritise the comprehensive growth path of our employees and have established dedicated learning and development teams to facilitate their progress. We conducted numerous workshops throughout the year to equip our employees with the



essential skillset and knowledge required to excel in their personal and professional lives.

Prarambh

An orientation on the first day of joining, we provide all new employees with a comprehensive orientation to familiarise them with our organisation and work culture. Trainings as mandated by regulatory/ statutory requirements are also imparted to the employees at the time on induction. Trainings as mandated by regulatory/ statutory requirements are also imparted to the employees at the time on induction.

Buddy Program - Saarthi

For our new joiners, we assign a Sarathi (a Buddy), who is a tenured employee, shortlisted through a difficult evaluation process and responsible for introducing new hire to the general culture of the organisation and their colleagues in the same team. The buddy also takes the initiative to stay with the

new joiner and provide any help or assistance required during their projects in the initial months.

Arjuna

A training program that covers wide of topics, including the use of software and applications and guidelines to ensure better understanding and accomplishing job efficiently. We also conduct customised and specific training sessions for various departments.

Punarabhyas

Provide employees with monthly refresher trainings based on their training needs, identified through performance analysis. These trainings are particularly beneficial for low performers who are on a Performance Improvement Plan (PIP), as they serve as a valuable mode of counselling and motivation to help them improve

their performance. refresher trainings as mandated through regulatory/statutory requirements is imparted to the employees on an ongoing basis.

Sashaktikaran

A training to make employees more self-sufficient contributors in the workplace. This training module focuses on their developmental aspects and is based on nominations invited from their leaders and reporting managers.

Jagriti

A training for employees to ensure they are up-to-date with new changes in processes and technologies. Furthermore, we conduct training sessions on the CAP policy, POSH, and other industry-specific requirements.

SK Elite PreP

A customised mandatory training program for supervisory roles that provides new joiners with a detailed understanding of our organisation's policies and processes, as well as enhancing their skills as supervisors.

Manager development program

The primary goal of the program is to equip managers with effective team-handling skills, wherein, participants learn these concepts through a variety of team-handling activities, role plays, and situational case studies.

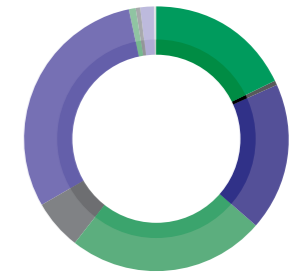
Oorja workshop

A workshop for employees and above, to provide them with detailed knowledge about our company, business processes, work culture, and organisational goals.

On-the-job training

OJT workshop is an exclusive training programme of four to five days, which includes theoretical as well as practical understanding of products and processes. End goal of the entire process is to get new joiners accustomed in their day-to-day work activities with minimum error and to enhance individual productivity.

Learning and development count



■ Prarambh ■ Saarthi ■ Arjuna ■ Punarabhyas ■ Sashaktikaran ■ Jagrati ■ SK Elite PreP ■ Manager Development Program ■ Oorja workshop ■ On-the-job training

Types of learning and development	Total Count in FY23
Prarambh	3,247
Saarthi	90
Arjuna	3,249
Punarabhyas	4,361
Sashaktikaran	1,068
Jagrati	5,416
SK Elite PreP	167
Manager Development Program	97
Oorja workshop	289
On-the-job training	24



Social – community

Empowering communities, creating opportunities

We understand that our impact extends beyond our immediate stakeholders and is interconnected with the well-being of the broader community. Our commitment lies in prioritising the needs and aspirations of the people we serve. We strive to create value that goes beyond financial gain and aim to make a positive and meaningful difference in the communities we operate in.

Key CSR activities



Education and sports

Providing sports equipment and building infrastructure in schools viz. namely guru Nanak Sanstha, Mahatma Gandhi School, Adarsh Nagar, Sriganganagar, Jaitsar School to make education and sports accessible for underprivileged students



Health care

ICAD Centre: A unique multi-disciplinary institute established for supporting medical and non-medical needs of children and adolescents with special needs and to support their families



SK skill academy

The Company aims to provide vocational skills to equip the people with necessary skills and knowledge required for a sustained livelihood. Giving special focus towards woman empowerment



Animal welfare

Supporting 'Gaushala Seva Samiti' at Begas, 'Hare Krishna Movement Gaushala' for fodder, treatment for lumpy disease, building a shed, providing water facilities and focus on general well-being

Efforts of SK Foundation



SK Foundation, the CSR arm of our organisation, is dedicated in creating a positive impact in various areas. We focus on education, health, environment, artisan support programs, and women's empowerment through skill development initiatives. By fostering education, we aim to provide opportunities for growth and knowledge. We are committed to ensuring access to quality healthcare as part of our dedication in promoting health. Our environmental initiatives are focused on sustainability and conservation, ensuring a better future for the planet. Through our support programs for local artisans, we empower them and contribute to the preservation of traditional crafts. Lastly, we empower women by equipping them with valuable skill such as stitching, weaving, knotting, braiding, natural dyeing, block, screen, hand printing - pottery and various other handwork skills. Together, we strive to ensure holistic and sustainable social welfare, growth and community development.

Impactful Initiatives

Babylon's Newton

An Institute committed to transforming the lives of children, adolescents, and their caregivers (which include doctors, paramedics, parents and teachers). Our holistic approach focuses on physical, psychosocial, cognitive, and spiritual development. We have dedicated a team of professionals that aim to help children reach their highest potential. 'Babylon Newton' is centred in Jaipur, Rajasthan, and we seek to expand beyond Jaipur, setting a benchmark for structured capacity building in child development. We have provided

7,629
Lives touched

treatment that includes early intervention for high-risk newborns, assessment and therapy for various neurodevelopmental disorders, special education, behavior therapy, occupational therapy, sensory integration, growth monitoring, and an adolescent clinic. Together, we can make a profound difference in the lives of children and empower those who support them.





Food distribution

In India, extensive poverty fuels hunger, affecting over 20% of the population. Scarce income denies access to nutritious food, contributing to 16.3% undernutrition (Global Food Security Index 2022). SK Foundation, partnering with 'Feeding Hand', launched an initiative distributing 12,500 free food packets in needy Jaipur areas, addressing an age-old concern for safe and nourishing sustenance.

12,500

Food packets were distributed in various places of Jaipur

Skill development for women at Sarasvati Girls School

SK Foundation operated a skill centre at Sarasvati Girls School in Jawahar Nagar, Jaipur. We uplifted economically disadvantaged women through our women empowerment programs. We offered 3-month skills training in stitching and crochet, with necessary materials and teaching classes. Upon completion, they were provided with certificates and orientation on marketing skills and accessing financial support. Our skill based programs foster self-confidence and independence, improving livelihoods and living standards.



43*

Trainees in December batch provided with completion certificate

*This will include BASCO and Niwaru's numbers also



Infrastructure support to schools

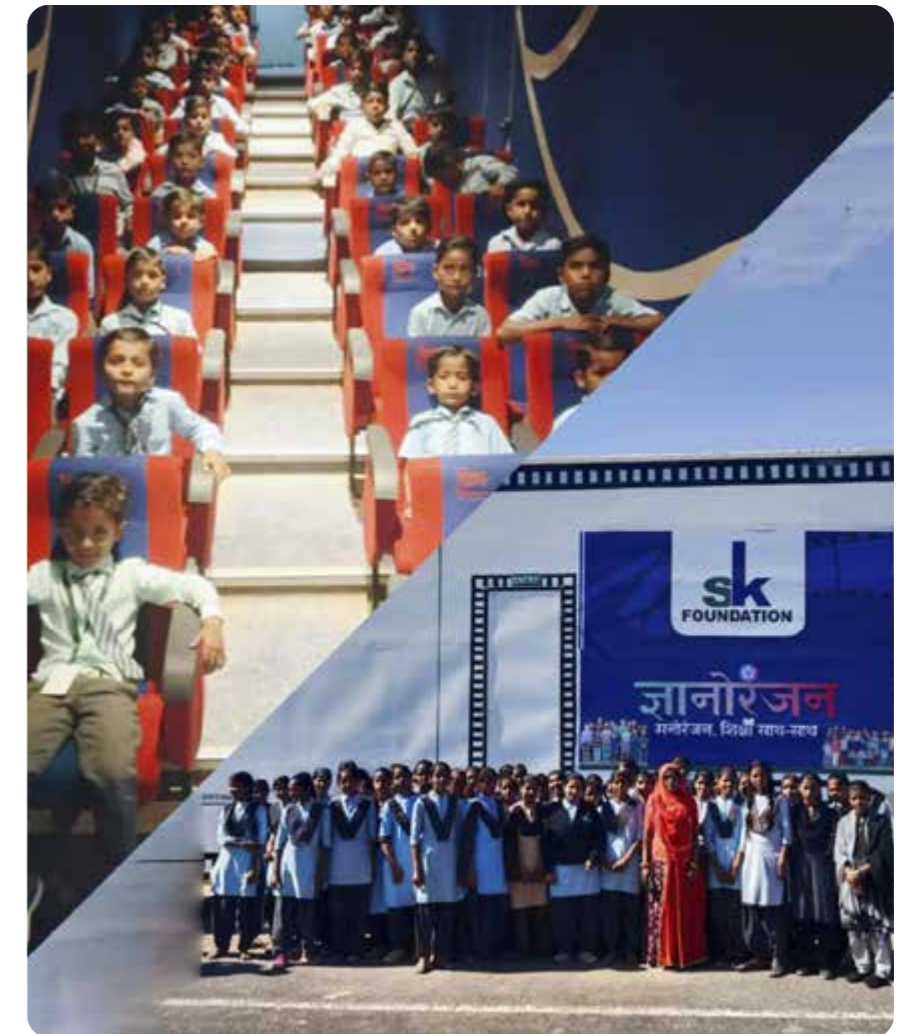
SK Foundation's "Support to School" project aims to promote safe hygiene and sanitation practices in government schools like Mahatma Gandhi School, Adarsh Nagar Jaipur and Jaitsar, Shriganganagar, elevating communities on the sanitation ladder. By constructing water-friendly toilets and ensuring access to water, we create a disease-free learning environment, enabling every student to stay in school and learn. These initiatives enhance enrolment, retention, and academic success rates, fostering a safe and conducive learning environment for both girls and boys.

Cinema on Wheels

SK Foundation's project, Gyanoranjn, introduced the concept of 'Cinema on Wheels'. This mobile multiplex brings educational content to remote rural government schools, fostering important life skills in children. It's an innovative initiative to empower and enrich the lives of underserved students through engaging cinema experiences through awareness on sensitive issues like 'Good touch, Bad Touch', 'Road Safety', 'Gender Equality', 'Autism' Etc.

12,900

Children benefitted with over 500 teachers in 65 schools of various villages in 3 districts of Rajasthan.



Governance

Building trust through strong governance

Good governance is one of our main priorities. We strongly believe in implementing good corporate governance across all the verticals of the organisation. We are an ethical Company and plan to have a robust governance framework in place.

The Company is led by an extremely qualified and experienced Board who in turn, are supported by a pool of motivated leadership team and managers. Our management team has diverse experience in a range of financial products and functions related to our business and operations having an in-depth understanding of the geographic regions, loan products and types of collateral and businesses of our borrowers.

The enterprise risk management framework of the Company is driven by the three lines of defence:

First Line of Defence (Business units)	Second Line of Defence (Compliance and risk management department)	Third Line of Defence (Internal audit)
<ul style="list-style-type: none"> Equipped with the leadership team with vast experience Leaders with specialised knowledge and deep understanding of their respective areas Business heads focus on their respective product range and ensure sustainable credit growth. 	<ul style="list-style-type: none"> Equipped with experienced team headed by CRO and CCO Responsible for designing and deployment of an effective risk management framework in the organisation in accordance with the governance strategy defined by the Board Responsible for ensuring adherence to regulatory and statutory requirements 	<ul style="list-style-type: none"> An experienced HIA with knowledge of BFSI space Provides assurance that the process is functioning as designed and identifies improvement opportunities.

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

As the Company is high value debt-listed, we adhere to the relevant provisions of the listing regulations,

specifically those related to corporate governance. This includes appointment of Independent Directors and establishment of Committee.

Our Board of Directors functions as a whole or through specialised committees to oversee different operational areas. We consistently work on optimising our processes to promote economic prosperity and create long-term value for both the Company and our stakeholders.

Our commitment to transparency and effective monitoring of our business is demonstrated through the active involvement of our management team, who provide the Board of Directors with detailed and timely reports. To further ensure compliance with statutory regulations, we have both internal and external auditors in place. Moreover, we are currently undergoing a digitalisation and automation journey, which will enhance transparency and efficiency in the future.

Board summary

33%

Independent Directors on the Board

1

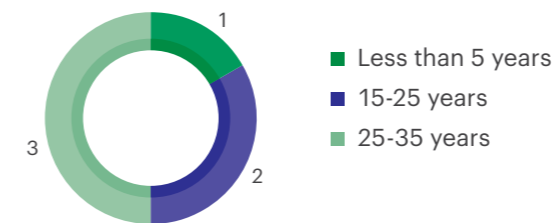
Woman Director

4/7

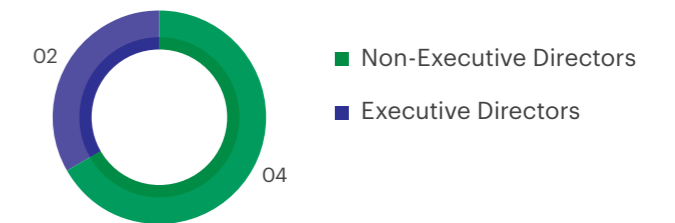
Committees headed by Independent Directors

Board composition dashboard

Board's experience



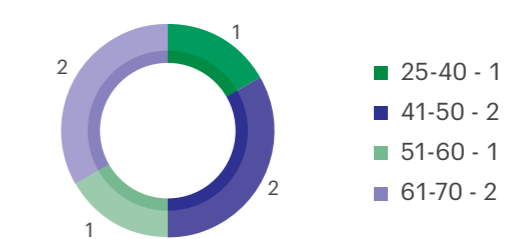
BOD balance chart



Areas of expertise



Age bracket



Attendance of each Director at Board meeting

Name of the Directors	Board meeting
Mr. Rajendra Kumar Setia	7
Ms. Shalini Setia*	2
Mr. Amar Lal Daultani	7
Mr. Anand Raghavan	7
Ms. Debanshi Basu	6
Mr. Akshay Tanna	7
Mr. Yash Setia**	2

*Ms. Shalini Setia ceased to be Whole-time Director w.e.f 30th January, 2023.

**Mr. Yash Setia has been appointed as Whole-time Director w.e.f. 30th January, 2023.

Our Board of Directors

Our Board of Directors stands as the compass guiding our Company's journey, enlightening pathways to innovation, sustainability, and persistent growth.



Mr. Amar Lal Daultani***
Non - Executive Chairperson - Independent Director

He holds a Master's degree in Economics from the University of Agra. He was the Executive Director of Corporation Bank for a period of over three years. He was a versatile banker having 37 years of rich experience in Credit, Forex, Treasury, Risk Management and other General Banking Operations. He has attended various training programmes across the world such as BIS Basel, ESCP Paris, ESCP London on HR, Bank Financial Management, Forex, Treasury, ALM and Derivatives, etc. He has been serving as the Independent Director of the Company since 1st April, 2016 and further, re-appointed for second term of five consecutive years commencing from 1st April, 2021 to 31st March, 2026.



Mr. Anand Raghavan
Non-Executive Independent Director

He is a member of the Institute of Chartered Accountants of India. He was associated as a partner with Ernst and Young LLP for 10 years. He has served as a member of the committee on functioning of asset reconstruction companies formed by the RBI and the committee to formulate schemes for revival of MSMEs constituted by the Government of Tamil Nadu. He has previously served as Vice President – Corporate Affairs of Sundaram Finance Limited. He has been serving as the Independent Director of the Company since 7th April, 2018.



Mr. Rajendra Kumar Setia
MD and CEO

He is a first-generation entrepreneur and the visionary behind SK Finance Limited. His success story is an inspiration for all aspirants in the sector. He brings rich industry experience, cutting-edge decision-making and mentorship to the company. A science graduate by qualification, he ventured in to his interest of starting a financing business set it up brick by brick in an ethical manner to ensure that it stands through the test of times. Through multiple business cycles, the business has stood through the test of time under his astute leadership. Today, he stands to have over three decades of experience in the field of finance. He has been instrumental in laying out a vision towards making SK Finance Limited one of the most trusted NBFCs, prioritising customer experience as the primary goal. His keen focus on creating an impact to the society has been the foundation stone of starting the business. He has also taken a strong initiative which has helped the organisation to form an ESG policy, highlighting the need for the organisation to pivot towards the best in class ESG practices. Apart from his contribution to the organisation, Mr. Setia has also contributed immensely to the Industry.



Mr. Yash Setia*
Whole-time Director**

With a graduate degree from the esteemed HR College of Commerce and Economics, as well as an MBA from Babson College, Massachusetts, he boasts a formidable academic foundation. He has over 4 years of immersive experience in financial services and his expertise extends adeptly to budgeting, strategic planning, and cost reduction. His hands-on involvement in revenue optimisation and crafting enduring long-term business strategies, centred around enhancing operating margins, exemplifies his holistic approach to financial excellence.



Ms. Debanshi Basu
Non-Executive Nominee Director on behalf of Baring Private Equity India AIF

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



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

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

*** Appointment of Mr. Amar Lal Daultani as Chairman w.e.f. 23rd February, 2023
** Resignation Ms. Shalini Setia as Whole Time director w.e.f. 30th January, 2023
* Appointment of Mr. Yash Setia as Whole Time Director w.e.f. 30th January, 2023

Leadership team

With knowledge, skills, and dedication, our leaders are shaping a future anchored in strategic excellence and accountable leadership.



Raj Kumar Setia
Chief Business Officer - SME



Atul Arora
Chief Financial Officer



Vivek Haripal Singh
Head - Treasury



Sameer Arora
Chief Operating Officer - Central



Amarpreet Singh Batra
Chief Operating Officer - North



Ritesh Sharma
Chief Operating Officer - West



Anagha Bangur
Company Secretary



Anubha Khandelwal
Chief Compliance Officer and PNO



Rohit Srivastava
Chief Risk Officer



Anuj Rawat
Head - Internal Audit



Ajit Sajwan
Chief Technology Officer



Bhavesh Kumar
Chief Information Security Officer



Girish Dangayach
Chief Digital Officer



Rajiv Kumar Yadav
National Legal Head



Harendra Singh Rathore
National Collection Head



Gajendra Sharma
National Credit Head- Vehicle



Ritesh Kumar
Head - Operations



Anil Sharma
Head - Human Resources



Feroz Khan
National Credit Manager- MSME



Honey Jain
Finance Controller



Anshul Jain
Head - Brand Marketing



Chintan Dushyant Shah
Deputy Vice President- Investor Relations



Together, we lead SK Finance towards a brighter future.



Board's Report

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

Your Directors have pleasure in presenting the Twenty-Ninth Annual Report on the business and operations of SK Finance Limited (Formerly known as Ess Kay Fincorp Limited) (hereinafter referred as **"the Company"**) together with the audited financial statements for the Financial Year ended on 31st March, 2023.

FINANCIAL SUMMARY AND HIGHLIGHTS

The Company's financial performance for the year ended on 31st March, 2023 is summarized below:

Particulars	₹ in lakhs)	
	2022-23	2021-22
Total Income	1,31,424.07	82,068.72
Finance Cost	54,747.99	34,681.51
Net Interest Income	76,676.08	47,387.21
Total operating expenses	38,480.61	27,998.36
Pre-impairment operating profit	38,195.47	19,388.85
Impairment on financial instruments	9,174.65	1,628.53
Profit before tax	29,020.82	17,760.32
Tax expenses		
a. Current Tax	5882.80	3,643.65
b. Earlier Year Taxes	125.58	(465.56)
c. Deferred Tax	985.12	294.82
Profit after tax	22,278.48	14,287.41
Other comprehensive income/(expenses)	(22.33)	(72.33)
Total comprehensive income after tax	22,256.15	14,215.08
Appropriation		
a. Dividend	-	-
b. Tax on Dividend	-	-
c. Transfer to statutory reserve	(4455.70)	(2,857.48)
Earnings per share		
Basic	76.52	50.47
Diluted	75.15	49.85

KEY INDICATORS

- Total income for the year increased by 60.14% to ₹1,31,424.07 Lakhs as compared to ₹82,068.72 Lakhs in 2021-22.
- Profit before tax for the year was ₹29,020.82 Lakhs as compared to ₹17,760.32 Lakhs in 2021-22, showing a significant growth of 63.40%.
- Profit after tax for the year was ₹22,278.48 Lakhs as compared to ₹14,287.41 Lakhs in 2021-22, showing a significant growth of 55.93%.

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

STATE OF THE COMPANY'S AFFAIRS

BUSINESS DEVELOPMENTS

Disbursements

The Company offers, a wide range of commercial loans such as New and Used Car Loans, Construction Equipment Loans, Commercial Vehicle Loans and Two Wheeler Loans, Tractor Loans, Business Loans ("MSME") and Home Renovation – Mortgage Loan. The Segment wise disbursement of the Company for Financial Year 2022-23 is summarized here below:

Particulars	₹ in lakhs)	
	2022-23	2021-22
Commercial Vehicle Loan	2,73,142.44	1,56,555.23
Car Loan	97,943.35	61,029.65
Tractor Loan	72,626.85	57,904.09
Two Wheeler Loan	30,704.25	14,271.46
MSME Loan	87,868.31	32,844.52
Total	5,62,285.19	3,22,604.94

Assets Under Management (AUM)

During the Financial Year 2022-23, the Company crossed the total asset size of ₹9000 Crores. The AUM of the Company stood at ₹7378/-Crores as at 31st March, 2023 compared to ₹4714/- Crores as at 31st March, 2022 registering a robust growth of 56.53% on YoY basis.

Non-performing Asset(NPA)

Your Company is in strict adherence to the provisions of RBI Guidelines along with the 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, which helped the company to maintain its gross Stage-3 and Regulatory Stage-3 at ₹13,807.84 Lakhs and ₹8,367.81 Lakhs respectively (1.94% and 1.17% respectively of the loan assets) and net Stage-3 and Regulatory Stage-3 at ₹9,353.39 Lakhs and ₹7340.86 lakhs respectively (1.32% and 1.04% respectively of the loan assets) as at 31st March, 2023 as compared to gross Stage-3 of 2.83% and net Stage-3 of 2.04% in previous years respectively.

Network Expansion (Branches)

The Company further expanded its geographical presence by reaching out to semi urban/rural areas and increased its footprint by opening new branches and making it more accessible to its customers. The Company strengthened its presence across the 10 states and 1 union territory with a network of more than 447 branches by adding more than 24 branches during the review year.

Capital Adequacy

Capital adequacy ratio (CAR) as at 31st March, 2023 under IND-AS stood at 26.10% which is well above the minimum regulatory norms for non-deposit accepting NBFCs. Out of the above, Tier I capital adequacy ratio stood at 25.52% and Tier II capital adequacy ratio stood at 0.58% respectively.

OTHER MATERIAL EVENTS

The material events pertaining to the composition of Board of Directors of the Company are covered in later Sections of this Board Report. There are no material events other than change in composition of board of directors.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

- Industry structure and developments;
- Opportunities and Threats;
- Segment-wise or product-wise performance;
- Outlook;
- Risks and concerns;
- Internal control systems and their adequacy;

- g. Discussion on financial performance with respect to operational performance;
- h. Material developments in Human Resources /Industrial Relations front, including number of people employed;
- i. Details of significant changes in key financial ratios;
- j. Such other material aspects.

CHANGE IN THE NATURE OF THE BUSINESS

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

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

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

TRANSFER TO RESERVES

Since the Company is a Non-Banking Financial Company ("NBFC") registered with Reserve Bank of India ("RBI"), therefore as required under section 45-IC of the Reserve Bank of India Act, 1934 ("RBI Act"), the Company has transferred a sum of ₹4455.70/- Lakhs to statutory reserves out of profits.

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

DIVIDEND

With a view to enhance the growth and business of the Company and in order to deal with the uncertain economic environment, your directors aim to retain the resources of the Company. Accordingly, they do not recommend any dividend for the financial year ended on 31st March, 2023.

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 <https://www.skfin.in/investor>

DEPOSITS

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

CAPITAL STRUCTURE

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

• Authorized Share Capital

There were no changes in the Authorized Share Capital of the Company during the year, thus, the current authorized share capital of the Company stood at ₹30,00,00,000/- (Rupees Thirty Crores) divided into 15,00,00,000 (Fifteen Crores) equity shares of ₹2/- (Rupees Two) each.

• Issued, Subscribed and Paid up Share Capital:

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

Issue of Equity Shares under ESOP:

During the year, 2,36,520 (Two Lakh Thirty-Six Thousand Five Hundred and Twenty) equity shares of the face value of ₹2/- (Rupees Two only) each were allotted to the employees upon the exercise of the stock options by the eligible employees with due approvals from the Nomination and Remuneration Committee(NRC Committee).

Post the allotment of equity shares and exercise of stock options as aforesaid, the issued and subscribed equity share capital of the company as on 31st March, 2023 stood at ₹5,88,93,550.00/- (Rupees Five Crore Eighty-Eight Lakhs Ninety-Three Thousand Five Hundred and Fifty only) consisting of 2,94,46,775 (Two Crore Ninety-Four Lakhs Forty-Six Thousand Seven Hundred and Seventy-Five) equity shares of ₹2/- (Rupees Two only) each.

The paid-up equity shares capital of the company as on 31st March, 2023 stood at ₹5,86,39,188.25/- (Rupees Five Crore Eighty-Six Lakhs Thirty-Nine Thousand One Hundred Eighty-Eight and Twenty-Five Paise only). The difference between the issued and paid up capital corresponds to the subsisting partly paid up shares issued by the company.

EMPLOYEE STOCK OPTIONS (ESOP)

The Company had formulated and implemented Employee Stock Option Plan 2018 approved by the shareholders on 11th September, 2018, as amended from time to time. The NRC Committee of the Board of Directors of the Company, *inter-alia*, administers and monitors the Plan in accordance with the provisions of the Act and rules made thereunder. During the year under review, 6,25,250 options were granted to eligible employees under the Plan. The details of the Options under the scheme are summarized below:

Details	Tranche-1	Tranche-2	Tranche-3
Options granted	4,08,250	51,500	6,25,250
Options vested	3,06,187.5	22,625	-
Options exercised	2,31,520	22,625	-
Total number of shares arising as a result of exercise of option	2,31,520	22,625	-
Options lapsed	52,070	7,000	25,050
Variation in terms of options	No variation except exercise price provided below	No variation except exercise price provided below	
Exercise price (in ₹)	249.35	596.29	1,200.00
Money realized by exercise of options (in ₹)	4,47,78,024	1,28,80,186	
Total number of options in force as at March 31, 2023	61, 586		

Employee-wise details of options granted to:

a) Key Managerial Personnel:

Sr. No.	Name of Key Managerial Personnel as at March 31, 2023	Tranche-I		Tranche-II		Tranche-III	
		Granted	Exercised	Granted	Exercised	Granted	Exercised
1.	Mr. Atul Arora, CFO	87,500	33,567	-	-	35,000	-
2.	Ms. Anagha Bangur, CS	3,000	2,250	-	-	4,000	-

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

- Sameer Arora;
- Pratit Vijayvargia;
- Girish Dangayach;
- Nripendra Singh and;
- Rohit Srivastava

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

RESOURCE MIX

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

Private Placement of Non-Convertible Debentures

During the year under review, your Company issued Secured/Unsecured Non-Convertible Debentures including Secured Principal Protected Market Linked Non-Convertible Debentures ("NCDs") and raised an amount aggregating to ₹1,17,100/- Lakhs on a private placement basis, in various tranches. The NCDs are listed on the debt market segment of BSE Limited.

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

The brief details of NCDs issued on a private placement basis during the year 2022-23 is mentioned as under:

S. No	ISIN	Date of Issue	Date of Allotment	Secured/ Unsecured	Coupon Rate	Listed/ Unlisted	No. of Debentures	Maturity date	Issue Price (in ₹)	Amount (In Lakh)
1	INE124N07572	26/04/2022	29/04/2022	Secured	Floating	Listed	990	29/04/2025	10,00,000	9,900
2	INE124N07580	29/04/2022	11/05/2022	Secured	9.00% p.a.	Unlisted	50,000	(Redeemed on 23/12/2022 due to Voluntary Redemption)	10,000	5,000
3	INE124N07598	17/05/2022	26/05/2022	Secured	Market linked	Listed	1,750	26/05/2024	10,00,000	17,500
4	INE124N07606	30/07/2022	08/08/2022	Secured	Floating	Listed	1,720	08/08/2024	10,00,000	17,200
5	INE124N07614	14/09/2022	22/09/2022	Secured	Market linked	Listed	1,500	22/11/2024	10,00,000	15,000
6	INE124N07622	10/11/2022	16/11/2022	Secured	9.10 XIRR	Listed	1,000	16/11/2024	10,00,000	10,000
7	INE124N07630	30/12/2022	05/01/2023	Secured	Market linked	Listed	20,000	05/04/2025	1,00,000	20,000
8	INE124N07648	19/01/2023	27/01/2023	Secured	9.25 XIRR	Listed	17,500	27/01/2025	1,00,000	17,500
9	INE124N07655	19/01/2023	02/02/2023	Secured	9.15 XIRR	Listed	5,000	02/02/2025	1,00,000	5,000
Total							99,460			1,17,100

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

• **Securitization/ Assignment:**

During the year, the Company assigned /securitized its loan portfolio having principle value of ₹1,92,379/- Lakhs of which ₹1,40,194/- Lakhs were securitized through issue of Pass Through Certificates in 10 tranches and ₹52,185/- Lakhs was assigned /securitized in Direct Assignment mode in 5 tranches.

• **Bank Borrowings:**

During the year, the Company has raised fresh Secured Loans of ₹3,000.1 Lakhs from Banks and Financial Institutions.

• **Commercial Papers:**

As at 31st March, 2023, the Company has no outstanding Commercial Paper (CPs). The brief details of the CPs issued during the year are tabled below:

S. No	ISIN	Date of Issue	Listed/ Unlisted	No of Units	Tenor	Maturity date	Issue Price (In ₹)	Amount (In Lakh)
1	INE124N14065	20 th April, 2022	Unlisted	500	100 days	29 th July, 2022	5,00,000	2,500
2	INE124N14073	29 th April, 2022	Unlisted	500	90 days	28 th July, 2022	5,00,000	2,500
3	INE124N14081	29 th July, 2022	Unlisted	500	90 days	27 th October, 2022	5,00,000	2,500

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

CREDIT RATINGS

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

Products	Rating assigned*	Previous rating assigned
(i) Non-convertible debentures	CARE A+/Positive	CARE A+
	CRISIL A+/Stable	CRISIL A+
	ICRA A+/Positive	ICRA A+
(ii) Market Linked debentures	CARE PP-MLD A+/Positive	CARE PP-MLD A+/Stable
	CRISIL PP-MLD A+/Stable	CRISIL PP-MLD A+/Stable
	ICRA PP MLD A+/Positive	ICRA PP MLD A+/Stable
	Acuite Rating and Research Ltd AA-/Stable	-
(iii) Structured non-convertible debentures	Withdrawn	ICRA A+(CE)/Stable
(iv) Subordinated bonds	CARE A+/Positive	CARE A+
(v) Loan facility	CARE A+/Positive	CARE A+
	CRISIL A+/Stable	CRISIL A+
	Withdrawn	ICRA A+
(vi) Commercial paper	India Rating and Research Pvt Ltd A+/Stable	India Rating and Research Pvt Ltd A+
	Acuite Rating and Research Ltd AA-/Stable	Acuite Rating and Research Ltd AA-
	India Rating and Research Pvt Ltd A1+	India Rating and Research Pvt Ltd A1+
	Acuite Rating and Research Ltd A1+	Acuite Rating and Research Ltd A1+

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

INVESTOR EDUCATION AND PROTECTION FUND

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

The Company had issued Compulsory Convertible preference shares (CCPS) in the year 2012 which were converted into the equity shares of the company on 27th March, 2017. During the year under review, the company has transferred dividend of ₹1,199/- (Rupees One Thousand One Hundred and Nineteen only) remaining unclaimed on the aforesaid CCPS relating to the financial year 2014-15 to IEPF and necessary filings were made to the relevant authorities. The details of the same are provided on the website of the company at <https://www.skfin.in/other-disclosure>. Further, year wise amount of unclaimed dividend lying in the unpaid account which are liable to be transferred to the IEPF and the due dates for such transfer have also been detailed below:

S. No.	F.Y.	Unclaimed dividend amount	Due date of transfer to IEPF
1.	2015-16	1,199	01.10.2023
2.	2016-17	1,199	17.08.2024

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

• Resignation

Ms. Shalini Setia (DIN: 02817624), Wholetime Director resigned from her post owing to some personal reasons and unavoidable circumstances by giving a notice of resignation dated 26th November, 2022 which was effective from the closure of business hours on 30th January, 2023.

Further she confirmed that there is no other material reason for her resignation other than the one specified above.

The Board of Directors in their meeting held on 20th December, 2022 took note of her resignation and further appreciated Ms. Shalini Setia for her support, efforts, guidance during her tenure as the Wholetime Director.

• Appointment/Re-appointment

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

1. The Board of Directors after the recommendation of NRC Committee and Audit Committee approved the appointment of Mr. Yash Setia (DIN: 09831391) as the Wholetime Director of the company in their meeting held on 20th December, 2022 and further recommended the same to the Shareholders.

The Shareholders of the Company in their meeting held on 30th January, 2023 approved the appointment of Mr. Yash Setia as the Wholetime Director of the company for a period of five years with effect from 30th January, 2023 till 29th January, 2028.

2. The Shareholders of the company in their meeting held on 23rd February, 2023 after considering the performance evaluation and based on the recommendation of the NRC Committee and the Board of Directors of the company, re-appointed Mr. Anand Raghavan (DIN: 00243485), Independent Director for a second term of 5 years with effect from 07th April, 2023 till 06th April, 2028 not liable to retire by rotation as the shareholders are of the view that his continued association with the company will further strengthen the performance of the Company.

Mr. Anand Raghavan was earlier appointed as an Independent Director on the Board of the company on 07th April, 2018 for a period of 5 years to hold office upto 06th April, 2023.

3. The Board of Directors in their meeting held on 30th January, 2023 on recommendations received from the Audit Committee and NRC Committee appointed Mr. Rajendra Kumar Setia (DIN: 00957374) as the Chief Executive Officer ("CEO") of the company also, who

was earlier being associated with the company as Managing Director.

The Board of Directors further proclaimed that w.e.f. 30th January, 2023, Mr. Rajendra Kumar Setia shall be designated as **"Managing Director and Chief Executive Officer(CEO)"**.

4. To bring in line the current composition of the Board of Directors with Regulation 17 of the SEBI LODR, the Chairperson of the Board of Directors was selected amongst the Non-Executive Director. Thus, Mr. Amar Lal Daultani (DIN: 05228156), Independent Director of the Company was appointed as the Chairperson of the Board of the Company with immediate effect in the Board Meeting held on 23rd February, 2023.

He shall also preside as the Chairperson in the General Meeting of the company as well.

The company has received all the requisite declarations from the aforesaid directors as prescribed in the Act, SEBI LODR, RBI Master Directions, enabling provisions of the Memorandum and Articles of Association of the Company or any other regulatory authority as applicable.

• Retirement by Rotation

In accordance with the provisions of Section 152(6) of the Act read with the rules made thereunder, Ms. Debanshi Basu (DIN: 07135074), Nominee Director got retired by rotation at the 28th Annual General Meeting (AGM) of the Company and was re-appointed by the Shareholders of the company

In terms of Section 152 of the Act read with the rules made thereunder read with the Articles of Association of the Company, Mr. Rajendra Kumar Setia (DIN:00957374), Managing Director and CEO, whose tenure in the office is the longest, retires by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for reappointment. The Board of Directors of your Company recommends the reappointment of the Director liable to retire by rotation at the ensuing AGM. The brief profile of the said director is annexed in the Notice convening the 29th AGM of the Company.

• Key Managerial Personnel

Pursuant to the provisions of Section 203 of the Act read with the rules made there under, the following are the whole time key managerial personnel of the company as on 31st March, 2023.

- a) Mr. Rajendra Kumar Setia, Managing Director and Chief Executive Officer(CEO)
- b) Mr. Yash Setia, Whole time Director
- c) Mr. Atul Arora, Chief Financial Officer
- d) Ms. Anagha Bangur, Company Secretary

The list of KMP's of the company stands changed, due to the appointment of Mr. Yash Setia as Wholetime Director of the Company post receipt of resignation from Ms. Shalini Setia from the post of Wholetime Director and due to appointment of Mr. Rajendra Kumar Setia as the Chief Executive Officer (CEO) of the company also who was earlier being associated with the company as Managing Director.

• Independent Directors

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

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

The independent directors met on 29th March, 2023 without the presence of non-independent directors and members of the management and all the independent directors were present at such meeting.

In terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended, the names of all the Independent Directors of the Company have been included in the Independent Director's databank maintained by the Indian Institute of Corporate Affairs (IICA).

CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

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

In terms of the SEBI LODR, all Directors and Senior Management Personnel have affirmed compliance with their respective codes as at 31st March, 2023. The Chief Executive Officer has also confirmed and certified the same, which is annexed as **Annexure-IV**.

FIT AND PROPER POLICY

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

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

Pursuant to the applicability of Regulation 25 of SEBI LODR, the Company has put in place a Familiarisation Programme to familiarise the Independent Directors about the Company and their roles, rights and responsibilities in the Company. The details of the Familiarisation Programme during the Financial Year 2022-23 is explained in the Corporate Governance Report and the same is also available on the website of the Company <https://www.skfin.in/investor>

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION AND OTHER DETAILS

Pursuant to the provisions of Section 134(3)(e) of the Act, the Company's Nomination, Remuneration and Compensation Policy (NRC 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) of the Act is available on the website of the Company <https://www.skfin.in/investor>

The Nomination and Remuneration Policy (NRC 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.

The Board of Directors during the year under review has reviewed and approved the revision in the NRC Policy on 20th May, 2022, which further got altered by the Board of Directors in their meeting held on 31st January, 2023 owing to the RBI Circular DOR.GOV.REC. No.29/18.10.002/2022-23 on Guidelines on Compensation of Key Managerial Personnel (KMP) and Senior Management in NBFCs dated April 29, 2022 and was renamed as Nomination-Remuneration and Compensation Policy.

Further, the Company has also adopted a "Policy on Fit and Proper Criteria" for Board of Directors' for ascertaining the 'Fit and Proper' criteria to be obtained at the time of appointment of directors and on a continuing basis, pursuant to the RBI Master Directions.

PERFORMANCE EVALUATION

Pursuant to the provisions of Section 149(8) read with Schedule IV, Section 178(2), Section 134 of the Act, and Regulation 17 of SEBI LODR Regulations, the NRC Committee in its meeting held on 20th May, 2022 has laid down the criteria for the performance evaluation of Board, its committees and individual directors after taking into consideration the guidance note issued by Institute of Company Secretaries of India and Securities and Exchange Board of India (SEBI), an annual performance evaluation exercise was carried out.

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

In addition, pursuant to the Schedule IV of the Act and SEBI (LODR), the Independent directors in their meeting held on 29th March, 2023 reviewed the performance of non-independent directors, board of directors as a whole and chairperson of the listed entity taking into account the views of executive directors and non-executive directors.

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

EMPLOYEE REMUNERATION

Pursuant to Section 2(52) of the Act read with Rule 2A of the Companies (Specification of Definitions Details) Rules, 2014, public companies which have not listed their equity shares on a recognized stock exchange but have listed their non-convertible debt securities issued on private placement basis in terms of Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, shall not be considered as listed company in terms of the Act. Hence, provisions of section 197 (12) of the Act read with rules 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable on the company.

BOARD MEETINGS

The calendar of the Board Meetings is circulated to the Directors in advance to enable them to plan their schedule for effective participation at the meetings. Additional Board Meetings are convened by giving appropriate notices to

address company's specific needs. The Board meets at regular intervals to discuss and decide on significant strategic, financial, operational and compliance matters.

The Board of Directors met 07 times during the year under review i.e. on 20th April, 2022, 20th May, 2022, 04th August, 2022, 04th November, 2022, 20th December, 2022, 30th January, 2023 and 23rd February, 2023.

Frequency and quorum at these meeting and the intervening gap between any two meetings were in conformity with the provisions of the Act, SEBI LODR and Secretarial Standards issued by The Institute of Company Secretaries of India.

COMMITTEES OF THE BOARD

The Committees of the Board focus on certain specific areas and make informed decisions in line with the delegated authority. As on 31st March, 2023, the Board has 9 Committees, namely:

- Audit Committee
- Risk Management Committee
- IT Strategy Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility Committee
- Stakeholder Relationship Committee
- Investment Committee
- Executive Committee
- Product Approval Committee

Further, the Board has also formed sub-committees of the management in order to facilitate quick decision making and encourage delegation of authority. Presently, there are 4 sub-committees, namely:

- Asset Liability Management Committee
- IT Steering Committee
- Risk Management Committee of Executives
- Internal Complaint Committee

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

Details of Board Committees along with their composition, change in Composition during the year, terms of reference, meetings held during the year and attendance thereat are provided in "Report on Corporate Governance" forming part of the Annual Report.

INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

The internal financial control is supplemented by extensive internal audits, regular reviews by the management and standard policies and guidelines to ensure reliability of financial and all other records to prepare financial statements, its reporting and other data. The Audit Committee of the Board reviews internal audit reports given along with management responses. The Audit Committee also monitors the implemented suggestions. The statutory auditors of the Company have also certified on the existence and operating effectiveness of the internal financial controls relating to financial statements as at 31st March 2023. The details of the Internal Financial Controls and issues related thereto have been explained in the **"Management Discussion and Analysis Report", forming part of this Annual Report.**

AUDITORS

Statutory Auditors

M/s S. R. Batliboi & Associates LLP, Chartered Accountants, Gurugram (ICAI Firm Registration No. 101049W/E300004) were appointed as Statutory Auditors of the Company, in the 27th Annual General Meeting held on 18th August, 2021, for a period of three years starting from FY 2021-22 till FY 2023-24.

Further, in order to protect the independence, the statutory auditors are required to satisfy the eligibility norms each year. In line with the same, M/s S. R. Batliboi & Associates LLP, Chartered Accountants, Gurugram have confirmed that they are not disqualified to continue their appointment as Statutory Auditors of the company and have provided their eligibility letter in terms of the RBI Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs)

Further, the Auditors' Report "with an unmodified opinion", given by the Statutory Auditors on the Financial Statements of the Company for FY 2022-23, is disclosed in the Financial Statements of the Company. There has been no qualification, reservation, adverse

remark or disclaimer given by the Statutory Auditors in their Report for the year under review.

Secretarial Auditor

Pursuant to the provisions of section 204 of the Act read with The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of SEBI(LODR), 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 2022-23 in their meeting held on 20th May, 2022. The Secretarial Audit Report in Form MR-3 as required under Section 204 of Companies Act, 2013 is annexed to this report as **Annexure-I**. Your Directors are pleased to inform that there were no qualifications, reservation or adverse remark or disclaimer in the audit report for the financial year 2022-23.

Pursuant to Regulation 24A (2) of SEBI LODR, a report on secretarial compliance for Financial Year ended 31st March, 2023 has been issued by M/s V.M. & Associates, Company Secretaries (Firm Registration No P1984RJ039200) and the same was submitted to the stock exchange within the prescribed timelines. The said report is also available on the website of the Company at <https://www.skfin.in/investor>.

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 2023-24.

REPORTING OF FRAUDS BY AUDITORS

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

As regards to investments made by the Company, the details have been provided in notes to the financial statements of the Company for the year ended 31st March, 2023 (Refer Note No. 9).

RELATED PARTY TRANSACTIONS

Pursuant to the provisions of the Act, Regulation 23 of SEBI LODR and as required under the RBI Master Directions, the Board has on recommendation of its Audit Committee, adopted a policy on related party transactions and the

said policy is available on the website of the Company at <https://www.skfin.in/investor>.

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

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

VIGIL MECHANISM/WHISTLE BLOWER POLICY

Pursuant to Section 177(9) and 177(10) of the Act and Regulation 4(2)(d)(iv) and Regulation 22 of the SEBI LODR, the Company has in place a whistle blower policy/vigil mechanism to provide a formal mechanism to the Directors and employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. A whistle blowing or reporting mechanism, as set out in the Policy, invites all Directors and employees to act responsibly to uphold the reputation of the Company. The Policy aims to ensure that serious concerns are properly raised and addressed and are recognized as an enabling factor in administering good governance practices.

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

During the year, 1 whistle blower event was reported and which was resolved in the same quarter by taking necessary action. Thus the mechanism is functioning well. No personnel have been denied access to the Chairperson of Audit Committee.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

A. Conservation of Energy:

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

The operations of the Company, being a financial service 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.

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

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

- iii. The Capital investment on energy conservation equipment:

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

B. Technology Absorption

- i. The efforts made towards technology absorption: The Company has improved operational process and patron overall journey, and has launched cognitive chatbot platform for self-service with the regional level support to manage customer accounts 24X7 which results in reducing customer queries. Along with effective communication with customers, the Company's integrated WhatsApp chatboat provides instant updates on their queries resulting in reducing the waiting time of the agents.
- ii. The benefit derived like product improvement, cost reduction, product development or import substitution:

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

- iii. In Case of imported technology:

- a) The details of technology imported: Not Applicable

- b) The year of import: Not Applicable
- c) Whether the technology has been fully absorbed: Not Applicable
- d) If not fully absorbed, areas where absorption has not taken place, and the reason thereof: Not Applicable

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

C. Foreign exchange earnings and Outgo:

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

		(Amount in Lakhs)	
S. No.	Particulars	FY 2022-23	FY 2021-22
1	Foreign exchange earnings	NIL	NIL
2	Foreign exchange expenditures	1315.75	815.39

RISK MANAGEMENT

Pursuant to the provisions of the RBI Master Directions, SEBI LODR and the Act, your Company has adopted a Risk Management policy which encompasses practices relating to identification, assessment, monitoring and mitigation of various risks to the business with its main objective to minimise negative impact on profitability and capital.

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

- a) **Credit Risk:** Credit Risk is defined as the "risk of failure of the counterparty in keeping up its commitments. It can be further described as, 'risk of default on a debt that may arise from a borrower failing to make required payments. In the first resort, the risk is that of the lender and includes lost principal and interest, disruption to cash flows, and increased collection costs'.
- b) **Liquidity Risk:** The Company defines liquidity risk as the risk of incurring losses due to an inability to meet payment obligations in a timely manner when they become due. The Company categorises liquidity risk into funding liquidity risk, which occurs when payment obligations cannot be fulfilled, and market liquidity risk, which occurs when the Company is unable to sell or transform assets to generate liquidity/cash without significant losses.
- c) **Market Risk:** Market Risk is defined as the risks arising from movements in interest rates and exchange rates, on the overall businesses of the Company. The Company may engage in financial transactions denominated in foreign currency or with exposure to foreign currency interest rate benchmarks. In such cases, any appreciation / depreciation of the base currency or the depreciation / appreciation of

the denominated currency will affect the cash flows emanating from that transaction.

- d) **Operational Risk:** Operational Risk has been defined by the RBI as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk but excludes strategic and reputational risk. Legal risk includes but is not limited to exposure to fines, penalties, punitive damages resulting from supervisory actions as well as private settlements.
- e) **Interest Rate Risk:** Interest Rate Risk has been defined as the risk where changes in market interest rates might adversely affect as the Company's financial condition. The immediate impact of changes in interest rates is on the Net Interest Income (NII). A long term impact of changing interest rates is on net worth as the economic value of assets, liabilities and off-balance sheet positions get affected due to variation in market interest rates. The interest rate risk when viewed from these two perspectives is known as 'earnings perspective' and 'economic value' perspective, respectively.
- f) **Foreign Exchange Risk:** defined as the risk that a Company may suffer losses as a result of adverse exchange rate movements during a period in which it has an open position, either spot or forward, or a combination of the two, in an individual foreign currency.
- g) **Compliance Risk:** Compliance risk has been defined as "the risk of legal or regulatory sanctions, material financial loss, or loss to reputation a Company may suffer as a result of its failure to comply with laws, regulations, rules, related self-regulatory organization standards, and codes of conduct as applicable.

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

The Board has formed a Risk Management Committee to identify the risks impacting the business, formulate strategies/ policies aimed at risk mitigation as part of risk management. The Risk Management Committee (RMC), functions in line with the RBI Master Directions and SEBI(LODR).

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

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The Company's Corporate Social Responsibility ('CSR') initiatives are aligned with the mission of transforming rural lives and hence focus on areas such as Health & Wellness, Sanitation & Hygiene, Education & Vocational Skill Development, Women Empowerment, Animal Welfare, Promoting Sports for underprivileged children, Autism Care Centre & Supporting Hospitals and Education.

During the year, the Company has, in consonance with the CSR policy of the Company, undertaken a number of initiatives that contribute to the society at large. The company has in place, a duly constituted CSR Committee for fulfilling the corporate social responsibility objectives of the Company. The details on CSR Activities undertaken by the Company for the Financial Year 2022-23, as prescribed under Companies (Corporate Social Responsibility Policy) Rules, 2014, is provided in the "Annual Report on CSR Activities" which forms part of this Annual Report.

The Corporate Social Responsibility Policy has been hosted on the website of the Company at <https://www.skfin.in/investor>.

REGULATORY & STATUTORY COMPLIANCE

The company has strong control to ensure adherence with all the applicable laws and regulations.

SECRETARIAL STANDARDS

The company have devised proper systems to ensure compliance with the all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and have complied with the same.

INTERNAL CONTROL SYSTEM AND INTERNAL AUDIT

The Company has designed a robust and comprehensive internal control system across all major processes to ensure efficient operations, compliance with laws and reliability of financial reporting. Internal Audit is conducted by an in-house Internal Audit team. The Risk Based Internal Audit framework supports the system, which evaluates the effectiveness of internal controls, risk management and governance processes to provide independent assurance to the Board of Directors and Audit Committee of the Board. The Risk Based Internal Audit framework is appropriate for the business's size, scale and complexity and the risk based internal audit plan is developed based on the risk profile of its activities. The Audit Committee of the Board approves the risk based internal audit plan annually and regularly reviews the Internal Audit Department's observations, performance status, providing guidance as needed.

ANNUAL RETURN

Pursuant to the provisions of Section 134(3)(a) and Section 92(3) of the Act, read with Rule 11 and 12 of the Companies (Management and Administration) Rules, 2014, the Annual Return of the Company is available on the website of the Company at <https://www.skfin.in/investor>.

COST RECORDS

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 maintenance of cost records is not applicable on the company.

CORPORATE GOVERNANCE

The company recognizes its role as a corporate citizen and endeavors to adopt the best practices and the highest standards of Corporate Governance through emphasizing on transparency and disclosures in and around the company. The Company is committed in carrying out its activities on ethical stances and providing accountability to its customers, government and others. The company believes in balancing the interests of its stakeholders such as shareholders, management, customers, suppliers, government, etc. The report on corporate governance forms integral part of this Annual Report.

The Company is a High Value Debt Listed Entity ("HVDLE") pursuant to the provisions of the SEBI LODR. Accordingly, Regulation 16 to Regulation 27 of the SEBI LODR in respect of Corporate Governance is applicable to the Company with effect from 07th September, 2021 on a "comply or explain basis" until 31st March, 2023 and on a mandatory basis thereafter. In accordance with the same the company has complied with all the provision of Regulation 16 to Regulation 27 of SEBI LODR during the year.

A "Report on Corporate Governance" together with a certificate from the Secretarial Auditor, in compliance with the relevant provisions of the SEBI LODR is attached and forms part of this Annual Report. The report contains the details as required to be provided on the composition and category of directors, number of meetings of the board, composition of the various committees, annual board evaluation, remuneration policy, criteria for board nomination and senior management appointment, whistle blower policy/vigil mechanism, disclosure of relationships between directors inter-se, general body meetings and other disclosures etc.

COMPLIANCE CERTIFICATE

As required in terms of Regulation 17(8) of the SEBI LODR, the Chief Financial Officer and the Managing Director & CEO of the Company have submitted a compliance certificate to the board as specified in Part B of Schedule II of the SEBI LODR regarding the Financial Statements and Internal Controls relating to financial reporting for the year ended on 31st March, 2023. The said Certificate is attached as **Annexure-II** and forms part of this Report.

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

The company has always believed in safety of Women in and around the organization, to achieve the same the company has in place a policy for Prevention of Sexual Harassment describing the procedure for the Redressal of complaints pertaining to sexual harassment in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013 ("POSH Act") and rules made thereunder.

During the year, the company has conducted various workshops and sessions in relation to the awareness of the POSH Act amongst the employees.

An Internal Complaints Committee (ICC) has been set up in accordance with the POSH Act to redress complaints in relation to sexual harassment. All employees of the company are covered under this policy.

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

Number of complaints pending at the beginning of the year	Nil
Number of complaints received during the year	1
Number of complaints disposed of during the year	1
Number of cases pending at the end of the year	0

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

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

OTHER DISCLOSURES

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii. the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- iii. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv. the Directors have prepared the annual accounts on a going concern basis;

- v. the Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- vi. the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Reserve Bank of India, the Ministry of Corporate Affairs, the Securities and Exchange Board of India, government and other regulatory Authorities.

Your Directors also gratefully acknowledge all stakeholders of the Company viz. customers, members, dealers, vendors, banks and other business partners for the excellent support received from them during the year.

Finally, our employees, who 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.

ACKNOWLEDGEMENT

Your Directors place on record their sincere appreciation for the assistance and guidance provided by the

For and on behalf of the Board of Directors
For **SK Finance Limited**
(Formerly Known As Ess Kay Fincorp Limited)

Rajendra Kumar Setia
Managing Director and Chief Executive Officer
DIN: 00957374

Yash Setia
Whole Time Director
DIN: 00957374

Place: Jaipur
Date: 03rd May, 2023
Regd. Address: G 1-2, New Market, Khasa Kothi,
Jaipur – 302001 (Rajasthan)
Website: www.skfin.in Email: info@skfin.in

Management Discussion and Analysis Report

Economy review

Global economy overview

As the world tried to recover from the COVID-19 pandemic, the global economy had to face another set of challenges. In February 2022, the Russian-Ukraine conflict broke out which led to supply chain disruptions and rising commodity prices. This in turn led to higher inflation across the globe which had just started to recover from the pandemic aftermath.

Central banks across the world who were focused on promoting growth were initially reluctant to hike interest rates despite the mounting price pressures led by the conflict. However, as the conflict intensified pushing them to shift focus towards controlling inflation. This was indicative from the U.S. Federal Reserve who started hiking interest rates in March 2022, and until March 2023, it had taken the base rate to 5.0% an increase of 475bps, the pace of rate hikes last seen in the 1970s.

The U.S. Fed's rate hikes prompted Central Banks across the world to respond in a similar manner to curb inflation leading to a tightness in liquidity. This led to a slowdown in global growth which was acute in the developed economies, where the debt of the non-financial sector has risen the most since the global financial crisis.

Indian economy overview

Alike the rest of the world, India too faced the impact of the global shocks and the pandemic. However, on the back of strong domestic activity, which continued to strengthen despite global turmoil, made India as one of the bright spots driving growth on the world stage.

Domestically, the growth in the agriculture sector continues to remain buoyant, with healthy progress observed in rabi sowing. To further boost production and support farmers' income, higher Minimum Support Prices (MSPs) have been announced for the upcoming Rabi Marketing Season. This growth momentum has also been backed by the contact-intensive services sector (trade, hotel, transport, communication, and broadcasting-related services) that resumed and saw a rapid expansion post-pandemic. Export-oriented industries, however, saw subdued growth during the financial year due to the weakening demand from advanced economies.

The 2023 Economic Survey states that although better performing than most other currencies, the challenge of the depreciating rupee persists, with the possibility of further increases in policy rates. The widening of CAD is likely to continue as global commodity prices stay elevated.

IMF expects India to grow by 5.9% in FY24, which will be faster than most of the other world economies. India's economic growth will be supported by robust domestic private consumption that will continue from the last fiscal. The COVID-19 vaccination drive managed by the government saw people return to restaurants, hotels, shopping malls, and cinemas leading to increase in domestic consumption, and this uptick in consumption will also give a boost to production activity, resulting in an increase in capacity utilisation across sectors.

Industry overview

Banks

India's economy came back strongly post the pandemic in FY23. As per RBI data, the credit growth for the bank grew by 15% against FY 2021-22—the highest ever since FY 2011-12. Credit offtake was strong for the most of FY 2022-23, but the challenge was driven by supply constraints amidst the tightening liquidity in the face of increasing policy repo rates. The central bank raised the benchmark interest rate by 250bps since May 2022 taking the base rate to 6.5% at the end of FY23.

Bank credit to the services sector has seen a significant increase since October 2021, based on the improvement the domestic consumption. Credit to services sector saw a Y-o-Y growth of 21.3 percent in November 2022—the second-highest in 46 months—compared to a 3.3 percent growth in November 2021. Credit to wholesale and retail trade in November 2022 increased by 10.2 percent and 21.9 percent, reflecting the strength of the economy.

In the MSME sector, credit growth has been remarkably high at over 30.5 percent on average, between January-November 2022. Credit to NBFCs grew by 32.9 percent as NBFCs shifted to bank borrowing because of high-bond yields, contributing to the aggressive supply of credit from the banking sector.

NBFCs

NBFCs have played crucial role in serving the underbanked and underserved customers in rural parts of India, thus bringing them under a formalised banking system. They are instrumental in accelerating the last-mile lending and understanding the credit requirement of customers in these areas. As a result of the government's push towards a digital economy, there has also been a significant digital transformation and investments made to set up tech-agile institutions offering tailored products and services, ensuring quicker credit disbursements.

As India focuses on the post-pandemic economic recovery through fiscal measures, and with businesses aiming to expand capacities, there is a huge opportunity for NBFCs

to achieve the goal of Aatmanirbhar Bharat through the fast-tracked flow of credit to businesses and households.

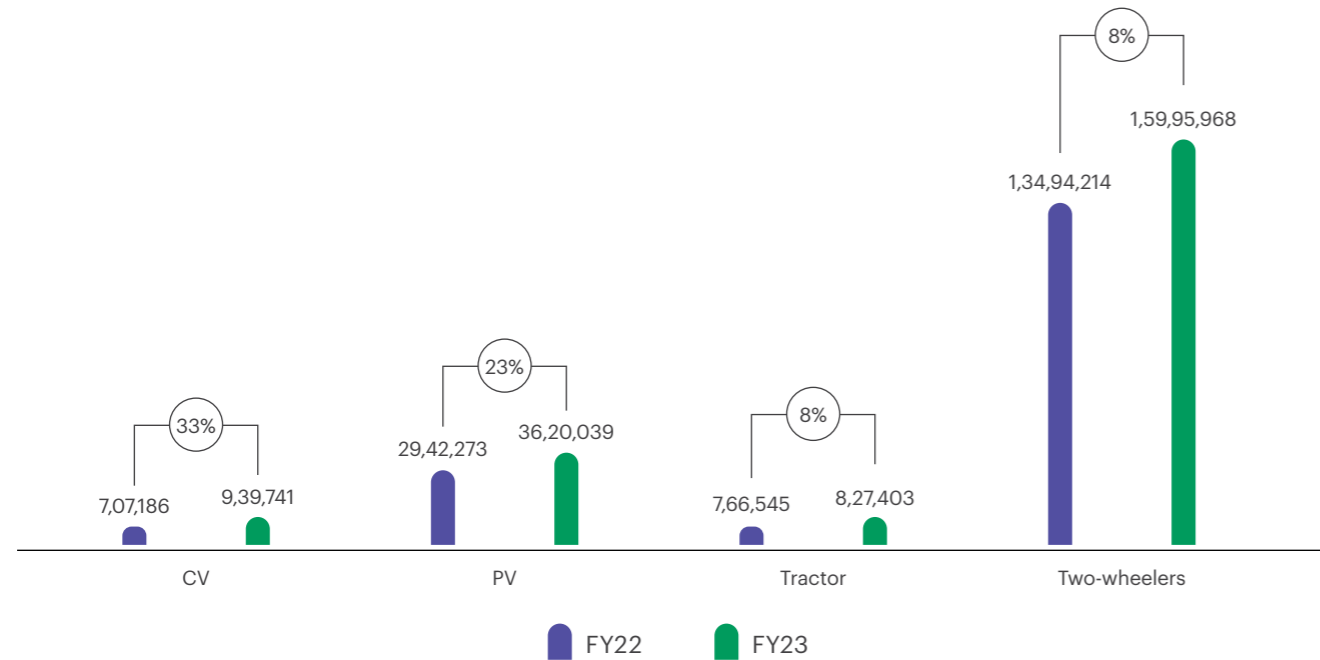
The Economic Survey 2022-2023 highlights the consistent rise in the credits disbursed by NBFCs as a proportion to GDP. Supported by various policy initiatives, NBFCs could absorb the shocks of the pandemic. Marked by balance sheet consolidation, improvement in asset quality, augmented capital buffers and profitability, these institutions build up financial soundness during FY22. Credit extended by NBFCs is gaining momentum, with the aggregate outstanding amount at ₹31.5 lakh crore as of September 2022. The continuous improvement in

asset quality, from its peak during the second wave of the pandemic in September 2022, has reached closer to the pre-pandemic levels.

Vehicles

As per the FADA report, in FY 2022-23, Indian automakers have witnessed robust demand, the festive period sales and pre-buying due to the BS6 Phase 2 transition. Despite supply chain challenges and a semiconductor chip shortage, the Passenger Vehicle (PV), Commercial Vehicle (CV), Tractor and Two-wheeler segments have shown growth of 33%, 23%, 8% and 19%, respectively.

Vehicle Units Sold



Source: FADA

Passenger vehicles sales improved on the back of chip availability, higher disposable income and pent-up demand.

Commercial vehicles sales saw an increase due to the improved economic scenario driven by strong domestic consumption leading to healthy freight rates as well as a growth in infrastructure heavy sectors like mining, FMCG, automobiles, steel, cement, construction, e-commerce, etc.

Indian Tractor industry production were at a record high with production crossing 1 million units for the first time. Domestic sales improved on the back of the growth supported by good monsoon, decent agriculture conditions as well as an increased minimum support price (MSP), which had a positive impact on farm income.

PV and CV segments are expected to drive growth in the next financial year, with the latter set to benefit from the government's thrust on capital expenditure.

MSMEs

The MSME industry is hailed as the backbone of the Indian economy. In FY2022-23, the industry's contribution to GDP was nearly a third of the country's GVA, and the sector contributed to nearly half of the country's exports. The industry serves as a major employer, providing opportunities especially in the rural and under-developed areas of the country, helping reduce regional imbalances. It extends support to other industries by providing them with raw materials and ancillary products. The sector does face challenges such as procurement of raw materials and the necessary funding but the government recognises the sector's importance and thus supports it by providing various financial incentives and necessary training. These factors make the sector more competitive and it plays a strong role in driving India's economic growth.

2. Overview of SK Finance Limited

Our Company is registered with Reserve Bank of India and classified as 'NBFC-ND-SI-AFC', engaged in the business of financing for income generating businesses. The target customer base consists of self-employed people from rural and semi-urban areas. Our product seeks to address the needs of these individuals and support their economic upliftment by providing them timely capital at the right time. We validate the creditworthiness of these individuals by looking at several factors such as their business model, earnings and cash flows, viability of the product they want the funding for, their financial stability, experience, their social status etc. instead of just focusing on the value of the collateral. We ensure that we do not fund customers whose businesses we do not understand. With our underwriting methods seasoned over time, and further with the help of analytics backed by a dedicated collection team, our end-to-end loan origination and loan management has become extremely flexible aligning itself through multiple business cycles.

Our business

We are one of the largest lenders in the used vehicles finance (LCV) space, with a vintage of over two and a half decades and a presence across 10 states and UT with 447 branches catering to the requirements of borrowers. Our Company has served ~1 million customers over the last 10 years and have developed a deep understanding of the customer needs and requirements mapped to the local economy.

Through our diverse portfolio of products and services, we strive to offer quality service to all our customers. We drive financial inclusion and aim to make capital accessible to the rural India in the geographies in which we operate. A majority of our branches are in rural and semi-urban regions, with focus to bring an increasing number of unbanked and underbanked customers into the financial system. We primarily operate in two business segments i.e., vehicles and MSMEs. Our vehicle business is further divided into four product segments viz. commercial vehicle, tractor, cars (passenger vehicles) and two-wheeler loans. The composition of our AUM mix is as follows:

Product-wise AUM break-up

(Figures in ₹ Crore)



We started the MSME business vertical in 2016 and it has now become sizable as a percentage of our overall book. With the humungous opportunity in the segment, we are well placed to capitalise on this opportunity.

Vehicles segment

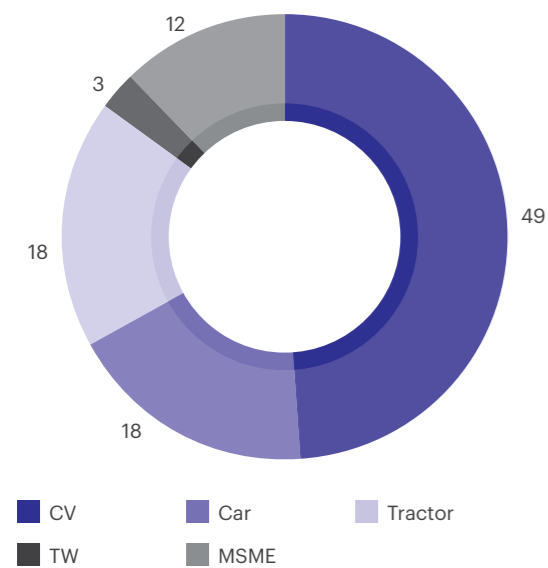
Under the vehicle loans segment we offer loans for used vehicles across several categories, including Commercial Vehicles (Multi-Utility Vehicle (MUV), Small Commercial Vehicles (SCVs) and Light Commercial Vehicle (LCV), Cars, Tractors (including Construction Equipment), and Two-wheelers.

Key Characteristics	Commercial Vehicles	Tractors	Cars	Two-Wheeler
Area of operations	20-350 kms	20-50 kms	NA	NA
Tenor (months)	41	40	43	26
Average LTV	84%	83%	79%	70%
Blended Yield	19%	20%	17%	23%
Ticket size	~₹ 4.1 lac	~₹ 3.2 lac	~₹ 3.6 lac	~₹ 0.7 lac

Data as on 31st March 2023 Portfolio

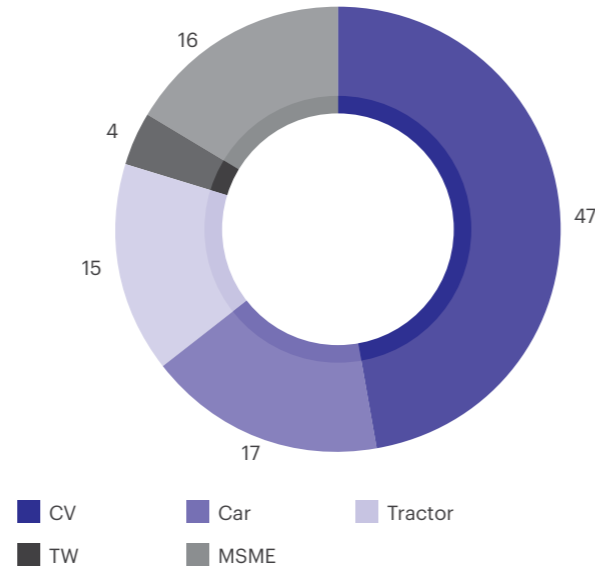
product-wise composition with growth for FY22

(%)



product-wise composition with growth for FY23

(%)



As a company, we stay ahead of the curve by adhering to our key business moats:

1. Focus on used vehicle finance
2. Customer segment is granular and caters to the local ecosystem
3. Dedicated collections team – which has been the strengths of the company
4. Contiguous expansion to states

Commercial vehicles

CVs, especially LCVs and MCVs, continue to remain our main focus. LCVs demand is primarily driven by basic consumption needs of the local economy. Furthermore, in the year gone by, this demand is amplified by the increasing deepening of the last-mile connectivity requirement, increased logistics demand through fast growing e-commerce business and the rapidly growing delivery and cargo business. We continue to see good traction in used commercial vehicles segment too.

At the end of March 2023, the AUM in our CV segment was ₹3,471 crore, comprising 47% of the overall AUM. We achieved an AUM growth of ~ 52% y-o-y in this segment supported by a disbursement of ₹2,731 crore in FY 2022-23 which was up ~ 75% y-o-y.

Over time, we developed our expertise in financing used CVs by building a vast of referral network and our ability to understand the needs of the customers.

Cars

At the end of March 2023, the AUM in our cars segment was ₹1,282 crore comprising 17% of the overall AUM. We achieved an AUM growth of ~52% y-o-y in this segment supported by a disbursement of ₹979 crore in FY 2022-23, achieving a growth of ~ 60% y-o-y. The pandemic led to an increase in the demand for used cars from people realising the need to own a vehicle for commuting instead of relying on public transport. Used cars were available and less expensive than a new car and sufficed the purpose. In addition, due to a rise in the disposable income in rural India aspirational products have gained importance.

Tractors

At the end of March 2023, the AUM in our tractors segment was ₹1,116 crore, making up 15% of the overall AUM. We achieved an AUM growth of ~31% y-o-y in the segment, supported by a disbursement of ₹726 crore in FY 2022-23, achieving a growth of ~25% y-o-y. The growth was supported by favourable monsoon and agriculture conditions as well as rise in minimum support price (MSP).

Two-wheelers

The AUM in our two-wheeler segment was ₹291 crore, making up 4% of the overall AUM. We achieved an AUM growth of ~101% y-o-y in this segment supported by a disbursement of ₹307 crore in FY 2022-23 achieving a growth of ~115% Y-o-y. Our two-wheeler segment, though smaller, is growing at a rapid pace, and also acts as a lead generation business that supports other businesses.

MSME business

We ventured into the MSME business in FY 2015-16. Over time, we strengthened our understanding of the MSME business and designed products that were aligned to our vision. Over the last couple of years, after gaining deep understanding of the business, we accelerated our MSME business and today it is our one of key focus segment. As of 31st March 2023, we operated MSME business from 238 branches out of our 447 branches. Last year, we did MSME business from 176 branches.

At the end of March 2023, the AUM in our MSME segment was ₹1,217 crore, comprising 16% of the overall AUM. We achieved an AUM growth of ~109% y-o-y in this segment, supported by a disbursement of ₹879 crore in FY 2022-23 and achieving a growth of ~164% y-o-y. The growth was driven by the addition of branches and improved productivity in our seasoned branches.

Funding source

The Company has been able to establish a very strong liability franchise over the last five years. This has helped the company access debt markets comfortably and support the growth of the Company. During the year, we raised

₹5,897 crore from a mix of banks, financial institutions, and debt capital markets at competitive interest rates to support the growth of our businesses. As at 31 March 2023, the Company had relationships with over 60 lenders with a growing outstanding tenor of 43 months and ATS of ₹118 crore. We were able to raise debt across instruments like term loans from both public and private banks, NCD's, PTC's and DA. In spite the increase in the Repo Rates, we have been able to maintain a health Cost of Borrowing of 9.32% in FY2022-23 as compared to 9.23% in FY2022-21, a mere increase of 9 bps. This has also been corroborated by the fact that our credit ratings have steadily improved. Last year, CARE upgraded the outlook of our credit rating from A+ stable to A+ with a positive outlook. Our incremental cost of borrowings increased to 8.91% in FY2022-23 as compared to 8.42% in FY2021-22

Our outstanding borrowing outstanding as of 31st March 2023 was ₹7,541 crore in FY2022-23, as compared to the ₹4,310 crore in FY2021-22.

The borrowing profile is as follows:

Borrowing outstanding

Type	As of 31st March, 2023	As of 31st March, 2022
Bank	64%	59%
FI	15%	11%
DFI	5%	13%
MF	5%	2%
Other than MF	11%	15%
Total	100%	100%

FY23 incremental borrowing

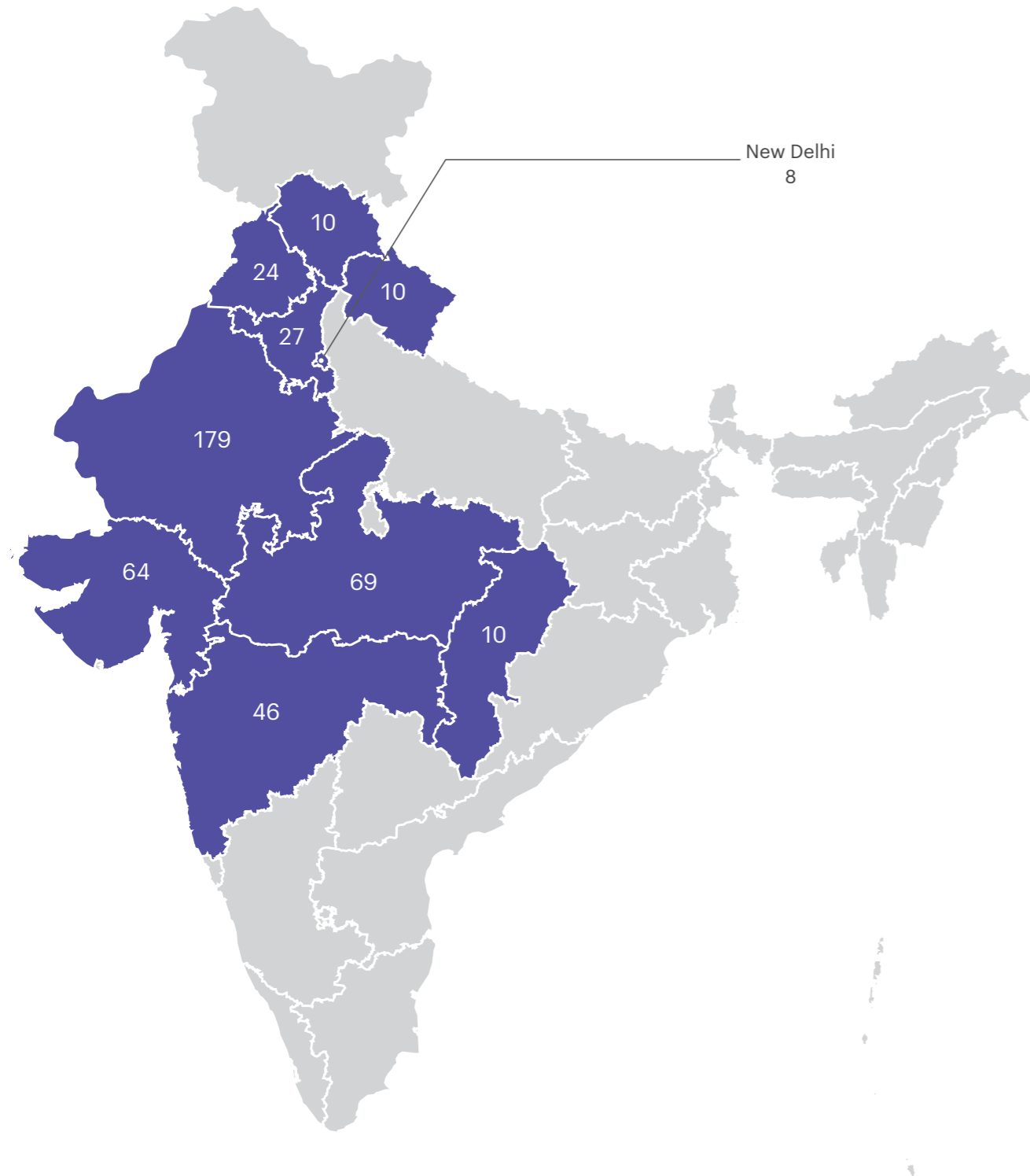
Type	As of 31st March, 2023	As of 31st March, 2022
Bank	57%	70%
FI	23%	17%
DFI	0%	5%
MF	7%	0%
Other than MF	13%	8%
Total	100%	100%

Credit Rating assigned to the company

Instruments/facilities	CARE ratings	ICRA	India ratings	CRISIL ratings	Acuite
Long-term bank facilities	CARE A+; Positive	-	IND A+/ Stable	CRISIL A+/Stable	ACUITE AA-; Stable
Market-linked debentures	CARE PP-MLD A+; Positive	PP-MLD [ICRA]A+; Positive	-	CRISIL PPMLD A+ r/Stable	-
Non-convertible debentures	CARE A+; Positive	[ICRA]A+; Positive	-	CRISIL A+/Stable	PP-MLD ACUITE AA-Stable
Commercial paper	-	-	IND A1+	CRISIL A1+	ACUITE A1+

Distribution

We started our business from the state of Rajasthan but today are present across 10 states and union territories through 447 branches. We operate our branches in the form of hub and spoke branches. Details of branch split has been mentioned below:



Apart from our branch network, our distribution is also enhanced by a robust referral network of more than 8,100 people strong. Furthermore, our workforce has been strengthened significantly over the last few years. Despite various macro challenges, we kept investing in our people and building a strong team. Today we have over 8,400 people in the Company.

Our strategy has always been to think long term and access the on ground situation from a long term perspective. This has given us adequate confidence to continue to build our resources and capabilities even during testing times to ensure that we can capitalise on it when the business environment turns favourable.

Collections infrastructure

A strong collections infrastructure is the backbone of our business. As on 31st March 2023, we have over 1300 as a part of our collections team. Adequate and timely investment in this segment continues to be our priority, and our asset quality is a reflection of our robust collection management system.

The pandemic required us to be agile and implement a strategy that was in line with the situation on the ground—evolving, unprecedented and with several moving variables. During the year, we prioritised collections by channelising the support of our sales teams towards collections. This fungibility within our team provides us great flexibility, and was hugely beneficial in tough scenarios, like during the first quarter that was affected by the second wave of the pandemic. Our core team needed higher personal connect with the customers and called for a strong local touch point.

Our collections infrastructure has adequate triggers to detect early delinquencies (those occurring in the first 12 months of disbursement), and subsequent delinquencies with business and collections closely working together towards a common outcome. Our analytics-driven delinquency management has helped us create a differentiated approach through which sales executives and collections executives have the required intelligence to pursue the right customers at the right time.

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

Customer initiatives

With the goal to enhance financial literacy and education among our customers, our Company has introduced several initiatives towards this endeavour:

SK Chai Chaupal

‘All our Customers are Partners in our Mission’

Based on this ideology, we celebrated Chai Chaupal Diwas on 15th February, 2023 at 350+ branches, across

eight states. On this day, we imparted an understanding of financial well-being to over 10,000 customers and, in turn, got a sense of their financial needs to help us deliver better products and services.

SK Loan Gaadi

Introduced on 11th November, 2023, SK Loan Gaadi has traversed over 152 locations in both Rajasthan and Madhya Pradesh, educating more than 14 lakh customers about the diverse financial services available.

The activity helped individuals to make better financial decisions, avoid debt and other financial problems, and achieve their financial goals.

1. Opportunities

• **Business opportunities**

a) **Growth in the commercial vehicles**

As per FADA report, the Light Commercial Vehicles market, which accounts for ~60% of the commercial vehicles sold, has grown by 26% in FY 2022-23. This expansion was driven by logistics, goods distribution, e-commerce, an increase in large construction projects, and so on. The availability of easy financing options, growing per capita income, wide range of product offerings and a growing number of international brands entering the market are other key factors driving the sale of LCVs. Higher budgetary allocation by the Government to give a boost to the infrastructure sector, like the construction of roads, new airports, ports, etc. create a huge demand for CVs. Moreover, growing competition due to the competitive pricing strategies of leading manufacturers is anticipated to have a positive impact on India’s LCV market in the next five years.

b) **Growing credit demand of MSMEs**

Micro, Small and Medium Enterprises (MSMEs) are the cornerstone of the Indian economy. The MSME sector in India has exhibited a strong performance and protected the economy from global adversities and shocks. It is estimated that there are 633.9 lakh MSMEs in India of which the Micro sector comprises of ~99% of total. Small Enterprises account for 0.5% while the Medium Enterprises comprise of 0.01% of total MSMEs. (IBEF – Oct 2022)

Biggest challenge faced by MSMEs in India is the access to timely finance. Many SMEs find it difficult to obtain bank loans and other forms of financing, as they often lack collateral or have a weak credit history. While the government has taken measures to provide funding assistance, the application procedure can be time-consuming. Fortunately, NBFCs have become

the engines of growth for MSMEs due to their access and reach.

• Co-lending

Co-lending acts as a strategic partnership between banks and NBFCs, opening up new business opportunities for both. It allows NBFCs to collaborate with other banks and organisations to offer multiple products to underserved and unserved markets. It leads to consumption growth and helps spread risks for banks and NBFCs in the most beneficial way. The advent of numerous new-age businesses has led to more business opportunities. And co-lending is an excellent opportunity to leverage the existing infrastructure and launch customised products that customers need without taking significant balance sheet risks. We continue to explore opportunities in this segment.

2. Threats

• Geopolitical tension

As we concluded the fiscal year, amidst the global economy's recovery from the pandemic, geopolitical tensions introduced significant uncertainty worldwide. The ongoing conflict between Russia and Ukraine continues to have an impact on the global economic outlook, with an urgent need for humanitarian assistance for those affected. Moreover, with Russia and Ukraine both being major commodity producers, this conflict has also impacted commodity prices, particularly oil and natural gas, which constitute a significant portion of India's expenditure. Thus, a timely resolution to this conflict is crucial for the global economic outlook.

• Rising interest rates

World over, central banks have increased interest rates to combat inflation and this is likely to have an impact on rate of growth of the global economy. Although, India has a strong and robust consumption economy driven by domestic consumption, global head-winds may continue to affect the policies of both the Government of India and the Central Bank.

• Recurring waves of COVID-19

Further disruptions if any, caused by the pandemic continue to be an overhang on the growth. In comparison to the second wave, the third wave did not affect the economy severely. However, the emergence of newer mutations continues to be a threat and it has governments around the world keeping a close watch on the situation. In India, the government has been adept and responsive in organising inoculation drives that covered the majority of the country's population.

The country's leadership will need to be proactive in its approach to avert any new risks that could emerge.

3. Business highlights

The key operational highlights of 2022-23 are:

- The Company reported a strong growth as the first full year of normalized business operations post pandemic. We expanded our presence from 423 branches to 447 branches as at 31st March 2023. This was the year of consolidation as we had invested well during pandemic and the year FY2022-23 was the year of execution.
- In order to support growth, we borrowed ₹5,897 crore during the year. This is of great significance as this debt capital was raised at a time of increasing interest rates in the markets. We managed to raise this money at an incremental cost of borrowing of 8.91% only 49 bps over FY2021-22.
- Total income increased to ₹1314 crore in FY2022-23 from ₹821 crore in FY2021-22, growing 60% due to better economic activity, improved productivity, higher contribution of new geographies, and deeper penetration of MSME business in the existing geographies.
- Assets Under Management (AUM) reached ₹7,378 crore in FY2022-23 from ₹4,714 crore in FY2021-22, an increase of 57%.
- Disbursements increased 74%, reaching ₹5,623 crore in FY2022-23 from ₹3,226 crore in FY2021-22
- Overall cost of funds stood at 9.32% in FY2022-23 against 9.23% in FY2021-22.
- OPEX to Average Assets in the year fell by 48 bps to reach 4.8% as compared to 5.3% in FY2021-22
- Credit costs stood at 1.2% in FY2022-23 against 0.3% in FY2021-22. Last financial year saw write-back of provisions on account of the post pandemic evaluation.
- PAT increased to ₹223 crore in FY2022-23 from ₹143 crore in FY2021-22, an increase of 56%, driven by higher disbursements and productivity as well as on account of operating leverage.
- CAPITAL ADEQUACY RATIO (CAR): As at the end of FY2022-23, the capital adequacy ratio stood at 26.10% (Tier I: 25.52% and Tier II: 0.58%)
- Total active customer base at the end of the fiscal year was 3,32,006
- Increased employee base to 8,469 as on 31st March, 2023, as against 6,703 as on 31st March, 2022.

4. Financial highlights

The following table presents the Company's financial performance for FY23:

Particulars	(Amount in ₹ lakh)	
	FY 2022-23	FY 2021-22
Total revenue	1,31,424.07	82,068.72
Operating expenses	98,963.73	67,520.96
Provision		
A. For NPA	3,311.99	(2629.87)
B. For standard assets	127.53	(582.69)
Profit before tax	29,020.82	17,760.32
Tax expenses		
A. Current year	5,882.8	3,643.65
B. Earlier year taxes	-125.58	(465.56)
C. Deferred tax	985.12	294.82
Profit after tax	22,278.48	14,287.41
Other comprehensive income/(expenses)	(22.33)	(72.33)
Total comprehensive income after tax	22,256.15	14,215.08
Appropriation		
A. Dividend	-	-
B. Tax on dividend	-	-
C. Transfer to statutory reserve	4,455.7	2,857.48
Earnings per share		
Basic	76.52	50.47
Diluted	75.15	49.85

The key indicators to showcase our Company's performance:

S.No. Particulars	(Amount in ₹ lakh)	
	FY 2022-23	FY 2021-22
1 Total Income (including exceptional items)	1,31,424.07	82,068.72
2 Net Interest Income	69,481.07	42,843.84
3 Capital Adequacy Ratio	26.10%	30.42%
4 Assets Under Management	7,37,832.71	4,71,425.54
5 Securitisation done during the year	1,40,194.05	26,292.46

Ratios where there has been a significant change from financial year 2022-23:

S.No. Particulars	(Amount in ₹ lakh)	
	FY 2022-23	FY 2021-22
1 Interest Coverage Ratio	1.53	1.51
2 Current Ratio	1.37	1.41
3 Debt Equity Ratio	3.8	2.90
4 Operating Profit Margin	65.66%	65.83%
5 Net Profit Margin	16.93%	17.32%

5. Risk management

Our Board of Directors have constituted a Risk Management Committee consisting of Directors and Senior Officials. A periodic review of the risk management policy, risk management plan and implementing and monitoring the risk management plan is undertaken. The risk owners are accountable to the Risk Committee for identifying, assessing, aggregating, reporting, and monitoring the risk related to their respective areas/functions.

i. Credit Risk

Credit risk framework is defined by credit policies and product policies that set out the principles and control requirements under which credit is extended to customers in various business verticals. The policies and standards cover all stages of the credit cycle, including origination, credit approval, documentation, administration, monitoring and recovery. The Company has laid down limits and caps on various aspects to control the magnitude of credit risk. Regular and timely risk reporting with adequate control mechanism

is prevalent across the organisation. Loan administration and monitoring is carried out through portfolio profiling, early warning framework and other credit risk activities around asset quality trends and concentration. The credit culture of the Company mandates that lending is based on credit analysis, with full understanding of the purpose of the loan and is commensurate to customer's financials and ability to repay from business operations.

ii. Market & Liquidity Risk

Market risks framework reviews and monitor the risks arising from movement in interest rates and exchange rates. It ensures adherence to the RBI guidelines and Policy framework on Liquidity Risk Management Policy as well monitors and ensures adherence to the tolerance limit as approved by the Board. It also develops a contingency funding plan in case of exigencies. It establish the principles for Market & Liquidity Risk Stress Testing in the system.

iii. Operational & Reputation Risk

Operation and reputation risks cover risks pertaining to Internal/ External Frauds, employment practices, customer engagement, products & business practices, damage to physical assets, business disruption, delivery & process management, financial or legal matters. Operations and Reputation Risk framework aims to formalise policies and procedures and put in place risk control manuals monitoring key risk indicators. It aims to define and propose Operational Risk Appetite to the Board by assessing risks based on historical or potential risk events. It also keeps a tab on complaints and litigation against the Company while also covering people risks including employee fraud.

iv. Information Security & Cyber Security Risk

Technology is rapidly changing the way financial services entities operate and is a key disruptor in the industry. The focus of our Company continues is on leveraging digital technology to provide a best-in-class experience for our customers, while enhancing productivity and risk management. A layered technology architecture is implemented to manage risks caused by system failures, data breaches, malware, cyber-attacks, etc. Access control mechanism is an effective way 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 our Company is constantly working to improve processes and controls, and is establishing a cyber resilience framework to mitigate any such threat.

6. Internal control systems and their adequacy

Our Company has well-established internal controls, executed via various regulations and protocols that are assessed regularly across all sections of the business. Our credit departments have implemented strategies to identify potential risks, as well as develop solutions to combat them. Moreover, the key figures within each section of the organisation are keenly monitoring any mitigating steps taken. Our company has various executive-level committees, and sees participation from various business and control functions that are designed to review and oversee critical aspects of the Company's operations. The control functions set the standards and lay down the policies and procedures by which the functions manage risks including compliance with regulatory guidelines and laws, adherence to operational controls and relevant standards of conduct, ensuring a robust control framework, our company has an internal audit function that is responsible for independently evaluating the adequacy and effectiveness of all internal controls, information security controls, risk management, governance systems and processes. The Audit Committee of the Board also reviews the performance of the Audit and Compliance functions and reviews the effectiveness of controls and compliance with regulatory guidelines.

7. Information technology and IT security

Investing in advanced technology for both infrastructure and applications is essential to building capabilities that offer an improved customer experience, increased employee productivity, enhanced operational performance, and greater regulatory compliance as well as proactive risk management. The key pillars of our investment strategy in technology include

1. Digitisation

Through various digitisation initiatives, we empower all our verticals. The driving factor is continuous enhancements of internal processes, leading to improved productivity.

2. Security

We are committed to all our stakeholders, giving them the assurance "Your business is safe with us". Our robust and well-planned security systems, along with our new-age tech, ensure security across all our systems and equipment.

3. Artificial Intelligence and analytics

We are leveraging Artificial Intelligence (AI) and Robotics to increase productivity and user experience, and help us serve our customers and employees better. Simultaneously, machine learning (ML) analytics supports our credit, collections and customer relationships teams.

4. Mobility

The widespread reach of the internet and smartphone penetration presents a great opportunity for us to enable our customers, partners and employees with right mobility-first solutions to drive anytime-anywhere work/service culture.

With the breakout of the pandemic, our foremost challenge was to continue critical operations and ensure business continuity, and this was possible only with the adoption of technology.

For the past few years, we have successfully sustained business operations with targeted plans, adequate investments, and the assistance of technology. The digital technology footprint we implemented earlier helped us attend to our customers effectively.

The emphasis remains on developing our systems and processes to guarantee business continuity and upgrade existing systems, all with the intention of enhancing the customer experience.

8. Human resources

Intellectual capital is key for growth of any organisation. Being in the service industry, human resource is a

vital core component of our organisation and is critical for our success and growth. We continue to focus on transparent opportunity, growth for all, non-biased gender opportunity, employee training and development, ensuring fair and competitive compensation, and overall well-being. Our workforce has a right blend of youth and experience, and our success depends on the capability, passion, and integrity of our people. Through online engagement activities, we encourage employees to acquire new skills regularly. As a means to facilitate growth, we have also created platforms for employees to interact and exchange learnings with peers across the country.

Key initiatives for employees include:

- Introduced Paternity Leave
- Enhanced earning potential via robust performance-based pay
- Initiated a first-time manager development workshop
- Introduced a buddy programme for new joiners, called 'Saarthi'
- Streamlined the on-boarding experience
- Streamlined rewards and recognitions via internal mobility

SK Finance dedicated its resources to recruiting and training individuals of a high calibre to prepare them for the competitive nature of the market. On March 31st, 2023, the organisation employed 8,469 people as opposed to 6,703 on March 31st, 2022.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

FOR **SK FINANCE LIMITED**

(Formerly known as Ess Kay Fincorp Limited)

PLACE: JAIPUR
DATE: May 03, 2023

RAJENDRA KUMAR SETIA
MANAGING DIRECTOR
DIN: DIN: 00957374

YASH SETIA
WHOLE-TIME DIRECTOR
DIN: 09831391

Regd. Address: G 1-2, New Market, KhasaKothi,
Jaipur – 302001 (Rajasthan)

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

CAUTIONARY NOTE

Statements made in this Annual Report may contain certain forward looking statements, which are tentative, based on various assumptions of the Company's present and future business strategies and the environment in which we operate. Actual results may differ substantially or materially from those expressed or implied due to risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India and internationally, volatility in interest rates and in the securities market, new regulations and Government policies that may impact the Company's businesses as well as the ability to implement its strategies. The information contained herein is as of the date referenced and the Company does not undertake any obligation to update these statements.

Annual Report on Corporate Social Responsibility (CSR) Activities

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

1. Brief outline on CSR Policy of the Company

"Corporate social responsibility is a model by which companies make a concerted effort to operate in ways that enhance society and the environment. CSR helps both, to improve various aspects of society as well as build a strong relationship of Company with society".

Your Company continues to focus on its Corporate Social Responsibility (CSR) initiatives to drive the positive and sustainable change in building resilient and rehab the communities. The Company contributes towards health & wellness, sanitation & hygiene, education & vocational skill development, Women Empowerment, Animal Welfare, Promoting Sports for underprivileged children, Autism Care Centre & Supporting Hospitals and Education through Cinema on Wheels to support the basic needs of communities and to ensure that the company is focused in creating a long-term impact for the beneficiaries.

Company's social initiatives have been designed for community development in compliance of the CSR Policy and **Schedule VII** of the Companies Act, 2013 and with the guidelines issued by the Ministry of Corporate Affairs of the Government of India. The CSR Policy of the company delineates the structure for driving social initiatives across locations and projects of the Company.

The Company had performed various Research & Development Programmes for searching out the CSR thrust areas in India to meet out the CSR obligation of the company altogether, the Company gives preference to the areas around which the Company operates. Our Company along with the Company's Trust i.e. **"SK FOUNDATION"** (Formerly known as Ess Kay Fincorp Limited) established in the year 2019, undertakes CSR activities within the broad framework of Schedule VII of the Companies Act, 2013 and CSR policy of the company.

The Company has, with the support and guidance of its Trust undertaken the following activities *inter-alia* including:

- **Education:** The Company endeavors to spark the desire for learning and enlightening minds. Our company through various educational institutions undertakes to fulfil this objective by way of providing quality education or by

extending financial assistance to the poor and needy students, undertaking to impart vocational training, adult education programs, girl's education, providing educational infrastructure and other allied supports services etc.

Education through Cinema on Wheels:

SK Foundation in association with Cinema on Wheels Private Limited has started the education awareness project to extensive viewership by conveying national International cinema works to the audience, raise public awareness about art, culture, social responsibility supporting the small cinematic projects serving this purpose, encouraging the creative innovative and qualified artworks, financial literacy, conveying our cultural inheritance to the poor sections of the society and reinforcing the place.

- **Health Care:** The Company's goal is to provide healthy environment for the under-privileged section of the society by undertaking numerous healthcare programs through medical institutions including but not limited to setting various camps including Blood Donation Camp, providing ambulance services, medical infrastructure services, providing sanitation, etc. Also, in view to create more awareness in the society, our Company has organized **SK Jodhpur Marathon** in Jodhpur and **WHWF (World Health and Wellness Fest)** in Jaipur.

Autism Care Centre and supporting hospitals:

The Company through its trust aims to provide the financial and non-financial support to the Babylon trust for the purpose of benefiting the children by providing them the required treatment/medical relief and proper care under the guidance of specialized team of doctors provided by Babylon Trust.

- **Animal welfare:** The Company strives to take care for the stray, abandoned Indian cows, bulls, oxen and orphaned calves by providing them with food and fodder, proper shelter and also looking after their healthcare along with the initiatives undertaken for protection of Birds.
- **Traffic Road Safety:** The Company is committed on spreading awareness on traffic guidelines with the aim of reducing the risk of road traffic injuries.

We have undertaken various activities for public awareness during the year.

- **Environment Sustainability:** The Company considering the global need to conserve natural resources and protect ecosystems to support health and well-being of people, for now and in the future. The company intend to bring this in the form of art and culture and adding to the

beautification of the city along with propagating the message of saving the environment.

- **Women Empowerment:** The Company is strong believer that empowering women is equal to empowering the nation. Accordingly, the company has always adhered in undertaking the activities such as imparting trainings and providing platforms to earn livelihood, enhancing their skills, creating awareness, etc.

2. Composition of CSR Committee:

The Board of Directors has constituted a CSR Committee in accordance with the requirements of Section 135(1) of the Companies Act, 2013. The composition of the committee as on 31st March, 2023 was as under:

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

*Mr. Yash Setia, Wholetime Director of the Company has been appointed as the member of Corporate Social Responsibility Committee w.e.f. 30th January, 2023.

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

- Composition of CSR Committee: <https://www.skfin.in/about>
- CSR Policy of the company: <https://www.skfin.in/investor>
- Projects/ programs approved by Board: <https://www.skfin.in/investor>

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).

"As the company is not having average CSR obligation of ten crore rupees or more in pursuance of sub

section (5) of section 135 of the Act, in the three immediately preceding financial years, an impact assessment is not applicable on the company".

5. (a) Average net profit of the company as per section 135(5): ₹ **1,31,21,15,315/-**
- (b) Two percent of average net profit of the company as per section 135(5): ₹ **2,62,42,306/-**
- (c) Surplus arising out of the CSR Projects or Programmes or activities of the previous financial years: **NIL**
- (d) Amount required to be set off for the financial year, if any: ₹ **42,306/-**
- (e) Total CSR obligation for the financial year ((b)+(c)-(d)): ₹ **2,62,00,000/-**

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project)

i. (a) Details of CSR amount spent against ongoing projects for the financial year:

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Location of the project	Project duration	Amount allocated for the project (in ₹).	Amount spent in the current financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per section 135(6) (in ₹)	Mode of Implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency	
									Name	CSR registration number
1.	Autism Care Centre and Supporting Hospitals	Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.	Jaipur	Within 2 years from the end of FY 2022-23	79,90,507	56,66,734	23,23,773	No	SK Foundation	CSR00004367
2.	Education through Cinema on Wheels	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	Rajasthan	Within 2 years from the end of FY 2022-23	25,00,000	7,61,985	17,38,015	No	SK Foundation	CSR00004367
Total					1,04,90,507	64,28,719	40,61,788			

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

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Project duration	Amount allocated for the project (in ₹).	Amount spent (in ₹)
1	SK Skills Academy	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	Within 3 years from the end of FY 2021-22	1,56,20,000	I Year: 1,60,000 II Year: 1,25,77,333
2	Construction of Primary School	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	Within 3 years from the end of FY 2021-22	20,00,000	I Year: 2,50,000 II Year: 5,50,000

ii. Details of CSR amount spent against other than ongoing projects for the financial year:

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 State	Amount spent for the project (in ₹)
1.	Women Empowerment Project	Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.	Yes	Rajasthan	2,47,713
2.	Developing park, tree plantation drive and spreading awareness	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.	Yes	Rajasthan	9,70,214
3.	Animal Welfare	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.	Yes	Rajasthan	9,10,878
4.	Education	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	Yes	Rajasthan, Jaipur	54,78,291
5.	Promoting Sports for underprivileged children	Training to promote rural sports, nationally recognised sports, paralympic sports and olympic sports	Yes	Rajasthan, Jaipur	4,39,247
6.	Beautification of Heritage Sites & Social Awareness	Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts.	Yes	Rajasthan, Jaipur	3,00,000
7.	Traffic Road Safety Programme	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	Yes	Rajasthan, Jaipur	7,42,799
8.	Public Sanitation	Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.	Yes	Rajasthan, Jaipur	19,12,500
9.	Public Awareness on Health Care Measures	Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.	Yes	Rajasthan, Jaipur	25,00,000
10.	Health care	Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.	Yes	Rajasthan, Jaipur	22,07,851
Total					1,57,09,493/-

(b) Amount spent in Administrative Overheads: **Nil**.

(c) Amount spent on Impact Assessment: **Not Applicable on the company.**

(d) Total amount spent for the Financial Year ((a)+(b)+(c)): **₹ 2,21,38,212/-**

(e) CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
2,21,38,212/-	40,61,788/-	25/04/2023	Nil	0	0

(f) Excess amount for set-off, if any: **Nil.**

Sl. No.	Particular	Amount (in ₹)
i.	Two percent of average net profit of the company as per sub-section (5) of section 135	2,62,42,306/-
ii.	Total amount spent for the Financial Year	2,62,00,000/-
iii.	Excess amount spent for the Financial Year [(ii)-(i)]	0
iv.	Surplus arising out of the CSR projects or Programmes or activities of the previous Financial Years, if any	0
v.	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	0

7 Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

S. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub section (6) of section 135 (in ₹)	Balance Amount in Unspent CSR Account under sub-section (6) of Section 135 (in ₹)	Amount spent in the Financial Year (in ₹).	Amount transferred to a fund as specified under Schedule VII as per second proviso to sub section (5) of section 135, if any.		Amount remaining to be spent in succeeding financial years. (in ₹)	Deficiency (if any)
					Amount (in ₹)	Date of transfer		
1	2021-2022	1,72,10,000	40,82,667	1,31,27,333	0	-	40,82,667	0
2	2020-2021	0	0	0	0	-	0	0
3	2019-2020	0	0	0	0	-	0	0

8 Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

- Yes
 No

If Yes, enter the number of Capital assets created/ acquired: 3

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sr. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pin code of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered address
1	Set up of administrative block of SK Skill Academy	302002	22/10/2022	57,66,443	CSR00004367	SK Foundation	G 1-2, New Market, Khasa Kothi, Jaipur, Rajasthan, 302001
2	Furniture and Fixture	302002	22/10/2022	30,15,403	CSR00004367	SK Foundation	G 1-2, New Market, Khasa Kothi, Jaipur, Rajasthan, 302001
3	Equipments & Appliances (Computer)	302002	22/10/2022	20,88,427	CSR00004367	SK Foundation	G 1-2, New Market, Khasa Kothi, Jaipur, Rajasthan, 302001

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per sub-section (5) of section 135: The Company had spent its CSR obligation as per the approval budget of the company.

Sd/-
(Chief Executive Officer or Managing Director or Director)

Sd/-
(Chairman CSR Committee)

Report on Corporate Governance

Pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR Regulations”), Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (“RBI Master Directions”) including all other amendments/notifications/circulars as may be applicable on the Company, the report on Corporate Governance forming part of the Directors’ Report for Financial year 2022-23 is presented below:

1. COMPANY’S PHILOSOPHY ON THE CODE OF GOVERNANCE

SK Finance Limited (Formerly known as Ess Kay Fincorp Limited) (hereinafter referred to as the “company”) pursues its long-term corporate goals on the bedrock of financial discipline, high ethical standards, transparency and trust. The governance practices and processes ensure that the interest of all stakeholders are taken into account in a transparent manner and are firmly embedded into the culture of the organization. Our Company has a dynamic, experienced and well-informed Board. The Board along with its Committees and the Corporate Governance mechanism in place, undertakes its fiduciary duties towards all its stakeholders. The Company’s efforts aimed at maximizing the value for the stakeholders while carrying out its operations in well-governed and complied manner. The Company’s Board approved Policies has been uploaded on the Company’s website and can be accessed at <https://www.skfin.in/investor>. The Corporate Governance philosophy of the Company, *inter-alia*, is driven by the following fundamental principles:

1. Timely and adequate disclosure of material information to all stakeholders;
2. Fair and transparent business practices;
3. Adequate Risk Management System and Financial Controls;
4. Compliance of applicable statute(s);
5. Effective management control and monitoring of executive performance by the Board;

Our Company being a High Value Debt Listed Entity pursuant to SEBI (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2021 dated September 7, 2021 has ensured the Compliance of Regulation 17 to Regulation 27 of the SEBI LODR Regulations in respect of Corporate Governance during the year ended 31st March 2023. Also, the Company has aligned its corporate governance practices in a manner so as to achieve compliance

as envisaged in the Companies Act, 2013 (“the Act”), SEBI LODR Regulations and RBI Master Directions.

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 strategic goals, performance appraisals, overall governance and various other aspects of business as well as regulatory aspects.

Composition of the Board

Our Company has an optimal mix of Executive and Non-Executive Directors including a Women director on its Board to ensure high quality of governance and effective functioning of the board and is in conformity with provisions of the Act and rules made thereunder, SEBI LODR Regulations and RBI Master Directions. As on 31st March, 2023, there are 6 Directors on the Board in the Company, with 2 Executive Directors and 4 Non-Executive Directors which includes 2 Nominee Directors and 2 Independent Directors. All the Directors possess requisite qualifications and experience in general corporate management, risk management, banking, finance, economics, marketing, digitization, analytics and other allied fields which enable them to contribute effectively to your Company by providing valuable guidance and expert advice to the Management and enhance the quality of Board’s decision making process. The brief profiles of the directors can be accessed at <https://www.skfin.in/about>.

Director & Officer Insurance (D & O):

Pursuant to the Article of Association of the Company and Regulation 25(10) of SEBI LODR Regulations, the Company has taken D&O Insurance of all the Directors including Independent Directors indemnifying them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust for which they may be guilty in relation to the Company. The Board is of the opinion that quantum and risk presently covered is adequate.

Fit and Proper Criteria:

The Company has formulated and adopted a Policy on Fit and Proper Criteria for Board of Directors as per the provisions of RBI Master Directions read with the all the applicable circulars. All the Directors of our Company have confirmed that they fulfil the fit and proper criteria as prescribed under the Directions.

There is no relationship between the Directors inter-se except Mr. Yash Setia being son of Mr. Rajendra Kumar Setia. The following table lays down the composition and category of the Board of Directors including their DIN and their shareholding as on 31st March, 2023 in the company.

Name of the Director	Designation and Category	DIN	Number of equity shares held	No. of Directorships in other companies	Committee positions held in other companies	
					Member	Chairperson
Mr. Rajendra Kumar Setia	Managing Director and Chief Executive Officer (Executive Director)	00957374	1,12,57,463	NIL	NIL	NIL
Mr. Yash Setia	Whole Time Director (Executive Director)	09831391	650	NIL	NIL	NIL
Mr. Amar Lal Daultani	Chairperson and Independent Director (Non-Executive Director)	05228156	NIL	2	1	NIL
Mr. Anand Raghavan	Independent Director (Non-Executive Director)	00243485	NIL	3	2	2
Ms. Debanshi Basu	Nominee Director representing Baring Private Equity India AIF (Equity Investor) (Non-Executive Director)	07135074	NIL	2	NIL	NIL
Mr. Akshay Tanna	Nominee Director representing TPG Growth IV SF PTE. Ltd (Equity Investor) (Non-Executive Director)	02967021	NIL	7	2	NIL

Notes:

- There are no convertible instruments issued by the Company.
- Number of Directorships excludes his/her Directorships in the Company, Section 8 Companies and Foreign Companies.
- Audit Committee and Stakeholders Relationship Committee have been considered for chairmanship/ membership of directors.
- Pursuant to the provisions of Section 165 of the Act, none of the Directors hold directorships in more than 20 Companies or 10 public companies across all Companies in which they serve as Directors. (For reckoning the limit of public companies in which a person can be appointed as director, directorship in private companies that are either holding or subsidiary company of a public company is included.)
- Pursuant to Regulation 17A of the SEBI LODR Regulations, none of the Directors are Directors in more than 7 Listed entities and serves as an Independent Director in more than 7 Listed entities, or serves as an Independent Director in 3 listed entities in case he/she serves as a Whole Time Director/ Managing Director in any listed entity.

- Pursuant to Regulation 26 of the SEBI LODR Regulations, none of the Director is a Member of more than 10 Committees and no such Director is a Chairperson of more than 5 Committees, across all public limited companies in which he/she is a Director.
- The Independent directors are not on the Board of more than three NBFCs (NBFC-Middle Layer or NBFC-Upper Layer) at the same time in line with the RBI Scale Based Regulations.
- Mr. Rajendra Kumar Setia holds 1,12,57,463 equity shares as on 31st March, 2023 out of which 10,17,447 are partly paid equity shares.
- Mr. Rajendra Kumar Setia, Managing Director was appointed as the Chief Executive Officer of the company w.e.f. 30th January, 2023.
- Mr. Yash Setia was appointed as the Wholetime Director of the Company w.e.f. 30th January, 2023 for the tenure of 5 years.
- Mr. Amar Lal Daultani was appointed as the Chairperson of the Company w.e.f. 23rd February, 2023.

The names of the listed entities where the directors are holding directorship as at 31st March, 2023 are given below:

Name of Director	DIN	Name of the Listed Entity	Category of Directorship
Mr. Rajendra Kumar Setia	00957374	-	-
Mr. Anand Raghavan	00243485	Five-Star Business Finance Limited	Independent Director (Non- Executive)
Mr. Amar Lal Daultani	05228156	Raghav Productivity Enhancers Limited	Independent Director (Non- Executive)
Ms. Debanshi Basu	07135074	-	-
Mr. Akshay Tanna	02967021	Dodla Dairy Limited	Nominee Director (Non-Executive)
Mr. Yash Setia	09831391	-	-

Notes:

- For reckoning directorship in listed companies, only equity listed companies have been considered.

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 Board approved chart or matrix setting out the skills/expertise/competence of the Board is as below:

S. No.	Core Skills/ Expertise/ Competencies	Brief description of skills	Mr. Rajendra Kumar Setia	Mr. Anand Raghavan	Mr. Amar Lal Daultani	Ms. Debanshi Basu	Mr. Akshay Tanna	Mr. Yash Setia
1.	Business Experience	Established leadership skills in strategic planning, succession planning, driving change and long-term growth and guiding the company towards its vision, mission and values. Critically analyzing complex and detailed information and developing innovative solutions and striking a balance between agility and consistency. Expertise in the field of Banking and Financial Services.	✓	✓	✓	✓	✓	✓
2.	Financial Experience and Risk Oversight	The company uses various financial metrics to measure its performance. Accurate Financial Reporting and Robust Auditing are critical to its success. The Company expects its Directors. To have an understanding of Finance and Financial Reporting Processes; To understand and oversee various risks facing the Company and ensure that appropriate policies and procedures are in place to effectively manage risk.	✓	✓	✓	✓	✓	✓
3.	Technology and Innovation	An appreciation of emerging trends in Banking and Financial services across the globe. Expertise in digital and robotic innovation in the field of Finance and Investments. Ability to visualize future trends and devise strategies for adoption.	✓	-	✓	✓	✓	✓
4.	Governance and Regulatory Oversight	Devise systems for compliance with a variety of regulatory requirements. Reviewing compliance and governance practices for a long term sustainable growth of the Company and protecting stakeholders' interest.	✓	✓	✓	✓	✓	✓
5.	Consumer Insights and Marketing Exposure	Ability in developing strategies to increase market share through innovation, build better brand experience for customers, improve prospective customer engagement levels and help establish active customers become loyal brand followers.	✓	-	-	-	✓	✓

BOARD MEETINGS

Being the apex body constituted by shareholders for overseeing the functioning of the Company, the Board evaluates all the strategic decisions on a collective consensus basis amongst the Directors. The Board Meetings are pre-scheduled and tentative annual calendar for the meetings of the Board is finalized early in consultation with all Board members. However, in case of urgent business requirements, approval of the Board is taken by passing resolution(s) through circulation, as permitted by law, which is noted in the subsequent meeting or on shorter notice by adhering to the compliances as mentioned under the Act. During the year the Board met 7 (Seven) times on 20th April, 2022, 20th May, 2022, 04th August, 2022, 04th November, 2022, 20th December, 2022, 30th January, 2023 and 23rd February, 2023. Our Company facilitated the Directors with an option to participate through video conferencing to enable the directors' participation at the meetings. The necessary quorum was present for all the meetings.

The Company Secretary prepares and sends the Notice and detailed Agenda setting out the business to be transacted at the Meeting(s), supported by detailed Notes on Agenda to each Director at least seven days before or on shorter notice as required, prior to the date of the Board Meeting(s). With the approval of the Board, all information which is in the nature of Unpublished Price Sensitive Information (UPSI), is circulated to the Board and its Committees at a shorter notice before the commencement of the respective Meetings. 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 the Company to rectify instances of non-compliances, if any, appointment and remuneration of directors, key managerial personnel and senior managerial personnel, approval of quarterly/half-yearly/annual results, transactions with related parties, and effectiveness of the internal controls and audit procedures. The Board members are kept informed about any material development/business update/regulatory amendment through various modes from time to time.

The status of attendance of each Director at Board Meetings and the last Annual General Meeting (AGM) held on 03rd August, 2022 is given below:

Name of the Director	Attendance	
	Board Meeting	Last AGM
Mr. Rajendra Kumar Setia	7	Yes
Ms. Shalini Setia *	2	No
Mr. Amar Lal Daultani	7	Yes
Mr. Anand Raghavan	7	Yes
Ms. Debanshi Basu	6	No
Mr. Akshay Tanna	7	No
Mr. Yash Setia**	2	Yes

*Ms. Shalini Setia ceased to be Whole Time Director w.e.f 30th January, 2023.

**Mr. Yash Setia attended the last Annual General Meeting as Shareholder of the company and has been appointed as Wholetime Director w.e.f. 30th January, 2023.

INDEPENDENT DIRECTORS

The Independent Directors are appointed for a specific term based on the recommendations of the Nomination and Remuneration Committee, by the Board and the members at their respective meetings. Non independent Directors are appointed as per the provisions of the Act and SEBI LODR Regulations and RBI Guidelines. None of the Independent Directors are Promoters or are related to Promoters. They do not have pecuniary relationship with the Company and further do not hold two percent or more of the total voting power of the Company. All the Committees which require Independent Directors in the composition have Independent Directors as specified in terms of the SEBI LODR Regulations, the Act and the RBI Master Directions. These Committees function within the defined terms of reference in accordance with the Act, the SEBI LODR Regulations, RBI Master Directions and as approved by the Board, from time to time.

Mr. Amar Lal Daultani (DIN: 05228156) was appointed as an Independent Director with effect from 01st April, 2016, his appointment was approved by the shareholders for a second term of five years effective from 01st April, 2021, at the Extra-Ordinary General Meeting held on 30th March, 2020.

Mr. Anand Raghavan (DIN: 00243485) was appointed as an Independent Director with effect from 07th April, 2018 for a period of 5 years. His appointment was approved by the shareholders for a second term of five years effective from 07th April, 2023, at the Extra-Ordinary General Meeting held on 23rd February, 2023.

MEETING OF INDEPENDENT DIRECTORS

In compliance with Regulation 25 (3) of the SEBI LODR Regulations and Schedule IV of the Act, a separate meeting of Independent Directors was held on 29th January, 2023 for FY 2022-23, without the presence of Non-Independent Directors and members of the management. At this meeting, the Independent Directors inter-alia evaluated the performance of the Non-Independent Directors & the Board as a whole and the performance of the Chairperson and discussed aspects relating to the quality, quantity and timeliness of flow of information between the Company management and the Board. The evaluation was carried on broad parameters such as Board Composition & quality, Board meetings and procedures, Knowledge and Skills, Strategy formulation and execution, Personal Attributes and such other relevant factors. The independent directors expressed their satisfaction towards the performance of the Board and the Non-Independent Directors of the Company.

DECLARATION OF INDEPENDENT DIRECTORS

All the Independent Directors have confirmed their independence in accordance with Section 149 of the Act and requirements as set out under Regulation 16 of the SEBI LODR Regulations. 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. The names of all the Independent Directors of the Company have been included in the Independent Director's databank maintained by Indian Institute of Corporate Affairs (IICA). Further, all the Independent Directors of the Company are exempted from appearing for the Online Proficiency Exam.

The terms and conditions of appointment of Independent Directors are available on the website of the Company at <https://www.skfin.in/investor>.

Familiarization Programme

Pursuant to the provisions of the Act and Regulation 25(7) of the SEBI LODR Regulations, the Company has in place the familiarization Programme which aims to familiarize Independent Directors with the Banking and Financial services, technology, governance, risk management, analytics, data science and management areas in which your Company operates, the business model, the operational and financial performance of your Company, significant changes

in the regulations including those pertaining to corporate social responsibility, decriminalization of certain offences, duties and responsibilities of Independent Directors under the Act, SEBI LODR Regulations including prohibition of insider trading regulations, RBI directions so as to enable them to take well informed decisions in a timely manner. The details of the familiarization Programmes have been hosted on the website of the Company and can be accessed on the link: <https://www.skfin.in/investor>.

PERFORMANCE EVALUATION

Pursuant to the provisions of Section 149(8) read with Schedule IV, Section 178(2), Section 134 of the Act, and Regulation 17 of SEBI LODR Regulations, the Nomination and Remuneration Committee in its meeting held on 20th May, 2022 has laid down the criteria for the performance evaluation of Board, its committees and individual directors after taking into consideration the guidance note issued by Institute of Company Secretaries of India and Securities and Exchange Board of India (SEBI), an annual performance evaluation exercise was carried out. In addition, pursuant to the Schedule IV of the Act and SEBI LODR Regulations, the Independent directors in their meeting held on 29th March, 2023 reviewed the performance of non-independent directors, board of directors as a whole and chairperson of the listed entity taking into account the views of executive directors and non-executive directors.

Feedback was sought by way of well-defined structured questionnaire covering various aspects of the Board's functioning and the evaluation was carried out based on responses received from the Directors. The Board also considered the evaluation results as collated by the Nomination and Remuneration Committee ("NRC") while conducting the evaluation and expressed their satisfaction with the evaluation process.

The evaluation process endorsed cohesiveness amongst directors, smooth communication between the Board and the management and the openness of the management in sharing the information with the Board and placing various proposals for the Board's consideration and approval.

The Directors expressed their satisfaction on the parameters of evaluation, the implementation of the evaluation exercise and the outcome of the evaluation process.

DIRECTORS REMUNERATION CRITERIA

- a. Executive Directors:** Remuneration payable to the Executive Directors is in line with the Act, SEBI LODR Regulations, RBI Guidelines and Nomination, Remuneration and Compensation 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 Wholetime Director is decided by the Nomination and Remuneration Committee based on their performance evaluation, which is subsequently approved by the Board of Directors as per the authority given and within the limits as approved by the shareholders at the General Meeting. The details of the remuneration paid to the Directors for the Financial Year ended 31st March 2023 is as follows:

(Rupees in Lakhs)						
S. No.	Name	Gross Salary	Commission	Stock Option/ Sweat Equity	Others	Total Amount
1.	Rajendra Kumar Setia	22,056,471	0	0	17,500,000	395.56
2.	Shalini Setia*	973,360	0	0	0	9.73
3.	Yash Setia**	1,014,067	0	0	0	10.14

*Ms. Shalini Setia ceased to be Whole Time Director w.e.f 30th January, 2023.

** Mr. Yash Setia was appointed as Whole Time Director w.e.f 30th January, 2023.

Note:

The Executive Directors are not eligible for any severance fee. Service contract and the notice period are as per the terms of agreement entered into by them with the company.

- b. Non-Executive Directors:** The Company is being benefited from the expertise, advice and inputs provided by the Non-Executive Directors. Remuneration to the Non-Executive Directors is paid by the way of Sitting Fees inclusive of all the applicable taxes for attending the meetings of the Board and its Committees. The total sitting fees paid to each Non-Executive Directors during Financial Year 2022-23 is given as below:

(Rupees in Lakhs)		
S. No.	Name	Sitting Fees
1.	Mr. Anand Raghavan	₹13.70
2.	Mr. Amar Lal Daultani	₹14.10
3.	Ms. Debanshi Basu	Nil
4.	Mr. Akshay Tanna	Nil

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 Ms. Debanshi Basu, who is a director in Infracore Technologies Limited, which provides services related to Information Technology to the Company.

The details of the remuneration paid to the Directors during the Financial Year ended 31st March 2023 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/investor>.

31st March 2023, the company has Nine Committees of the Board:

1. Audit Committee;
2. Nomination and Remuneration Committee;
3. Stakeholders Relationship Committee;
4. Risk Management Committee;
5. Corporate Social Responsibility Committee;
6. IT Strategy Committee;
7. Executive Committee;
8. Product Approval Committee;
9. Investment Committee.

Further, the Board has also formed sub-committees of the management in order to facilitate quick decision-making and encourage delegation of authority. Presently, there are four sub-committees, namely:

- Asset Liability Management Committee;
- IT Steering Committee;
- Risk Management Committee of Executives;
- Internal Complaint Committee.

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

1. AUDIT COMMITTEE

Regulatory Requirement

The Audit Committee of the Board has been constituted as per the requirements set out in Section 177 of the Act, Regulation 18 of the SEBI LODR Regulations and Regulation 70 of Chapter – XI Corporate Governance of the RBI Master Directions.

Meeting Details

During the Financial Year 2022-23, 5(Five) Audit Committee Meetings were held on May 20, 2022, August 04, 2022, November 04, 2022, December 20, 2022 and January 30, 2023.

Composition & Attendance

The Composition of the Audit Committee and the details of attendance of the Members at the Meetings held during the year under review are as under:

Name of the Member	Status in Committee	Category	No. of Meetings attended
Mr. Anand Raghavan	Chairperson	Non-Executive Independent Director	5
Mr. Amar Lal Daultani	Member	Non-Executive Independent Director	5
Ms. Debanshi Basu	Member	Non- Executive Nominee Director	4

The necessary quorum was present for all the above meetings and Chairperson of the Audit Committee was present in Annual General Meeting to answer the queries of the shareholders. Leave of absence was granted to the member who could not attend the respective Meetings.

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.

Terms of reference

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

1. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
2. Review and monitor the auditor's qualification, independence and performance, and effectiveness of audit process;
3. To review the functioning of the whistle blower/ vigil mechanism;
4. The Committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and;
5. Review of financial statements/financial results before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the company.
6. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
7. Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
8. To consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders;
9. To oversight governance, compliance, implementation of Anti-Bribery and Anti-Corruption Policy and monitor the effectiveness considering its suitability and adequacy
10. To oversee the Implementation of KYC/ AML Policy;
11. To accord the necessary approvals for selling of Individual Loans and Classification of Non-Performing Asset as prescribed under Sale of Stressed Asset Policy;
12. To ensure that an Information System Audit of the internal systems and processes is conducted every year to assess operational risks faced by the Company.

13. Financial Statements:

- Oversight of the Company’s financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- Examination/Reviewing with the management, the annual financial statements and the auditors’ report/limited review report thereon with particular reference to;
 - i. matters required to be included in the director’s responsibility statement to be included in the board’s report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - ii. changes, if any, in accounting policies and practices and reasons for the same;
 - iii. major accounting entries involving estimates based on the exercise of judgment by management;
 - iv. significant adjustments made in the financial statements arising out of audit findings;
 - v. compliance with listing and other legal requirements relating to financial statements;
 - vi. disclosure of any related party transactions;
 - vii. modified opinion(s) in the draft audit report;
- Scrutinize inter corporate loans and investments;
- Valuation of undertakings or assets of the company, wherever it is necessary;
- Review Management discussion and analysis of financial condition and results of operations;
- To oversee and approve any adjustments in the Expected Credit Losses (ECL) model output (i.e. a management overlay).

14. Statutory Audit:

- Discuss with Statutory Auditors, before the audit commences, the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

- Review with Statutory Auditors, any audit problems or difficulties and management’s response;
- Resolve any disagreements of the Statutory Auditors with the management regarding financial reporting;
- Reviewing management letters / letters of internal control weaknesses issued by the statutory auditors;
- To approve fees of statutory auditors for any other services rendered by them.
- Review the performance of the Statutory Auditors and submit report to RBI post approval from ACB.

15. Internal Audit:

- To review and approve the Risk Based Internal Audit Policy & propose the same to the Board.
- Discuss with Internal Auditors, before the audit commences, the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- Review with Internal Auditors, any audit problems or difficulties and management’s response;
- Review 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;
- Approval of the audit plan and its execution, reporting structure, budget, coverage and frequency of internal audit to determine the priorities of the internal audit function based on the level and direction of risk;
- Review the regular internal audit reports issued to management prepared by the internal audit department, as well as management’s response thereto;
- Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Discuss with internal auditors regarding any significant findings and follow-up thereon within given timelines and status on closure of audit reports;
- Review all pending high and medium risk issues & persisting irregularities along with

status of compliance and suggest requisite action on areas in which risk mitigation has not been undertaken despite risk identification.

- Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- Review Internal Audit Reports relating to the internal control weaknesses.
- To ensure assessment of the internal audit function at least once in a year for adherence to the internal audit policy, objectives and expected outcomes.
- To review the consolidated position of major risks faced by the Company at least annually based on inputs from all forms of audit.
- Approve hiring of experts who can be hired on contractual basis after assuring that such expertise does not exist within audit function.

16. Internal Controls

- Monitor the end use of funds raised through public offers and related matters;
- To put in place and oversee the Internal Audit Function of the Company;
- To put in place a robust system of Internal audit of all outsourced activities;
- To approve Risk Based Internal Audit (“RBIA”) plan to determine the priorities of the internal audit function based on the level and direction of risk, as consistent with the entity’s goals and review it on annual basis;
- Review the performance of RBIA and formalize & maintain a quality assurance and improvement program that covers all aspects of the internal audit function;
- Review with the management, Statutory and internal auditors, the scope of internal audit, adequacy of internal control systems and ensure adherence thereto and any other related issues;
- Review Management letters / letters of internal control weaknesses issued by statutory / internal auditors;
- Review the appointment, removal and terms of remuneration of the chief internal auditor of the Company.
- Review management’s report on internal control and Statutory auditor’s attestation/ observations on management’s assertion;

- Evaluation of Internal Financial Controls and risk management systems;
- To formulate and maintain a quality assurance and improvement program that covers all aspects of the internal audit function which shall include assessment of the internal audit function at least once in a year for adherence to the internal audit policy, objectives and expected outcomes;
- Review the all pending high and medium risk paras and persisting irregularities in which risk mitigation has not been undertaken despite risk identification.
- To promote the use of new audit tools/ new technologies for reducing the extent of manual monitoring / transaction testing / compliance monitoring, etc.;
- To appoint Internal Audit Head (“HIA”) for a fixed tenure, as deemed fit;
- To meet the HIA on the quarterly basis without the presence of the senior management, including the MD & CEO.

17. Risk Management:

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

18. Related party transactions:

- Review and approve the statement of all related party transactions submitted by the management, including the material related party transactions;
- Approval of any subsequent modification of transactions of the company with related parties;
- The committee may grant omnibus approval for related party transactions proposed to be entered into by the Company and shall specify the criteria for making the omnibus approval in compliance of provisions mentioned under SEBI LODR;

19. RBI Compliances:

- To review & monitor all frauds involving an amount of ₹1 crore and above.
 - To certify the fact that the systems and procedures, identified as the causative factors and plugging of the lacunae has been ensured for all fraud cases to be closed
 - To review all individual cases of fraud involving ₹25 lakh or more and also review the attempted frauds.
 - To review the consolidated position of major risks faced by the organization at least annually;
 - The Committee shall ensure that all the necessary steps are being taken by the company to comply with the various master directions, notices and circulars issued by RBI from time to time;
 - To review audit notes and ensure compliance with KYC norms on quarterly basis;
 - To review periodically ageing analysis of entries pending reconciliation with outsourced vendors.
 - To approve the classification of the Accounts that are past due beyond 90 days but not treated as impaired, with the rationale for the same clearly documented.
 - To oversee the implementation of the Compliance policy and reviewing the activities undertaken by the Compliance Function on a quarterly basis.
 - To review the Compliance Risk Assessment Framework on an annual basis
 - To ensure detailed annual review of Compliances in the organization and review any material Compliance failure while ensuring that appropriate remedial or disciplinary action is taken.;
 - To track the status of compliance of all regulatory guidelines/ prescriptions/ communications and disseminate the same within the organization to the relevant stakeholders and ensure proper compliance.
 - To meet the CCO at quarterly intervals on a one to one basis without the presence of any official from the senior management, including MD & CEO.
- To review the performance appraisal of the Chief Compliance Officer.

20. Responsibilities under the Code of Conduct for Prevention of Insider Trading:

- Review the compliances of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015("Code") at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively.
- Taking on record such reports as may be required from the Compliance Officer under the Code at least once in a year.
- Deciding penal and disciplinary action in respect of violation of the Regulations/Code.

2. NOMINATION AND REMUNERATION COMMITTEE

Regulatory Requirement

The Nomination and Remuneration Committee of the Board has been constituted as per the requirements set out in Section 178 of the Act, Regulation 19 of the SEBI LODR Regulations and Regulation 70 of Chapter – XI Corporate Governance of the RBI Master Directions.

Meeting Details

During the Financial Year 2022-23, 5(five) Nomination & Remuneration Committee Meetings were held on May 20, 2022, August 04, 2022, November 03, 2022, December 20, 2022 and January 30, 2023.

Composition & Attendance

The Composition of the Nomination & Remuneration Committee and the details of attendance of the Members at the Meetings held during the year under review are as under:

Name of the Member	Status in Committee	Category	No. of Meetings attended
Mr. Anand Raghavan	Chairperson	Non- Executive Independent Director	5
Mr. Amar Lal Daultani	Member	Non- Executive Independent Director	5
Ms. Debanshi Basu	Member	Non- Executive Nominee Director	4

The necessary quorum was present for all the above meetings and Chairperson of the Nomination and Remuneration Committee was present in Annual General Meeting to answer the queries of the shareholders. Leave of absence was granted to the member who could not attend the respective Meetings.

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

Terms of reference

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

Nomination:

- To formulate the criteria for determining qualifications, positive attributes and independence of a director;
- To identify persons who are qualified to become Directors and who may be appointed as Key Managerial Personnel's (KMP's) and Senior Management Personnel's (SMP's) in accordance with the criteria set out;
- To recommend to the Board of directors the appointment and removal of Directors, KMP's and SMP's;
- To undertake the process of due diligence to determine the suitability of the person for appointment / continuing to hold appointment as a director on the Board and to assess the "fit and proper" criteria of the existing and proposed directors;
- To devise a policy on Board Diversity and Succession Planning;
- To recommend to Board as to whether to extend or continue the term of appointment of the Independent Director;
- To prepare a description of the role and capabilities required for the appointment of an Independent Director and identify suitable candidates based on the description.

Remuneration & Compensation Plans:

- To recommend to the Board a policy, relating to the remuneration, compensation and commission of the directors, key managerial personnel and other employees;
- To formulate the criteria for making payments to Non-Executive Directors;
- To recommend to the board, all remuneration, in whatever form, payable to Executive, Non-Executive directors, KMP's and SMP's;
- To recommend to the board Sitting Fees as to be provided to the Independent Directors.
- To administer, review and supervise the implementation of the Stock option schemes approved by the company;
- To recommend changes in the company's compensation plans, in consultation with management and allot shares when options are exercised by eligible employees.

Performance Evaluation:

- To specify the criteria for evaluation of performance of the Board, its committees and individual directors including Independent Directors;
- To review the implementation and compliance of the performance evaluation.

Others:

- To oversee the familiarization Programmes of the Independent Directors;
- To scrutinize the declarations submitted by the existing / proposed directors.
- To ensure that except for directorship in a subsidiary, KMP shall not hold any office (including directorships) in any other NBFC-Middle Layer or NBFC-Upper Layer;
- To periodically review Succession Plan for Senior Managerial Personnel and Key Managerial Personnel as may be required.

3. STAKEHOLDERS RELATIONSHIP COMMITTEE

Regulatory Requirement

The Stakeholders Relationship Committee of the Board has been constituted on 20th December, 2022 as per the requirements set out in Section 178 of the Act and Regulation 20 of the SEBI LODR Regulations.

Meeting Details

During the Financial Year 2022-23, 1(One) Stakeholders Relationship Committee Meeting was held on January 30, 2023.

Composition & Attendance

The Composition of the Stakeholders Relationship Committee and the details of attendance of the Members at the Meetings held during the year under review are as under:

Name of the Member	Status in Committee	Category	No. of Meetings attended
Mr. Amar Lal Daultani	Chairperson	Non- Executive Independent Director	1
Mr. Akshay Tanna	Member	Non- Executive Nominee Director	1
Mr. Rajendra Kumar Setia	Member	Executive Director	1

The necessary quorum was present for the above meeting and the Chairperson of the Stakeholders Relationship Committee will be present at all ensuing annual general meetings to answer queries of the security holders.

Besides the members of the committee, meeting of the Stakeholders Relationship Committee is attended by the Chief Financial Officer, Investor Observers, and other invitees. The Company Secretary acts as a secretary to the Committee.

The investor complaints are processed in a centralized web-based complaints redress system called SCORES. There were no investor grievances received during the financial year ended on 31st March, 2023. Ms. Anagha Bangur, Company Secretary acts as the Compliance officer for the purpose of SEBI LODR Regulations and keeps a regular track of such complaints. The investor grievances are also reported to the Stock Exchange on a quarterly basis.

Terms of reference

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

- Formulate and recommend to the Board policy(s) and procedure(s) in line with the statutory guidelines to ensure speedy disposal of request received from security holders from time to time.

- Monitor and review any investor complaints received by the company directly or through SEBI or SCORES and ensure its timely and speedy resolution, in consultation with the Company Secretary & Compliance officer and Registrar and Transfer Agent ("RTA") of the company.
- Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the registrar & share transfer agent.
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.
- Oversee the statutory compliance relating to all securities including dividend payments and transfer of unclaimed amounts to the Investor Education and Protection Fund.
- Suggest and drive implementation of various investor-friendly initiatives.
- Carry out any other function as is referred by the Board from time to time or enforced by any statutory notification / amendment or modification as may be applicable.
- Committee may consult with other committees of the Board, if required, while discharging its responsibilities.

4. RISK MANAGEMENT COMMITTEE

Regulatory Requirement

The company has constituted Risk Management committee in accordance with RBI Guidelines on Risk Management System, and Regulation 70 of Chapter – XI Corporate Governance of the RBI Master Directions and Regulation 21 of SEBI LODR Regulations.

Meeting Details

During the Financial Year 2022-23, 4(four) Risk Management Committee Meetings were held on May 19, 2022, August 04, 2022, November 03, 2022 and January 30, 2023.

Composition & Attendance

The Composition of the Risk Management Committee and the details of attendance of the Members at the Meetings held during the year under review are as under:

Name of the Member	Status in Committee	Category	No. of Meetings attended
Mr. Rajendra Kumar Setia	Chairperson	Executive Director	4
Mr. Amar Lal Daultani	Member	Non- Executive Independent Director	4
Mr. Akshay Tanna	Member	Non-Executive Nominee Director	3
Mr. Anand Raghavan	Member	Non- Executive Independent Director	4
Ms. Debanshi Basu	Member	Non-Executive Nominee Director	3
Mr. Rohit Srivastava	Member	Chief Risk Officer	4

The necessary quorum was present for all the above meetings. Leave of absence was granted to the Member who could not attend the respective Meetings. Besides the members of the committee, meeting of the Risk Management Committee is attended by the Chief Financial Officer, Investor Observers, and other invitees. The Company Secretary acts as a secretary to the Committee.

Terms of reference

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

Risk Management Systems:

- To monitor and review the risk management plan;
- To monitor and review Cyber Security and its risk assessments as placed by the Chief Information Security Officer (CISO) from time to time before the committee;
- To formulate a detailed risk management policy which shall include a framework for identification of internal and external risks including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk, measures for risk mitigation, processes for internal controls of identified risks and Business Continuity Plan;
- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

- To periodically review the risk management policy and progress made by the company in implementing the risk management system;
- To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- To examine and determine the sufficiency of the Company's internal processes for reporting on and managing key risk areas;
- To assess and recommend to the Board acceptable levels of risk;
- To monitor and review the working and functioning of the Risk Management Committee of Executives;
- To carry out any other functions as is referred by the Board from time to time or enforced by any statutory notification / amendment or modification as may be applicable.

Liquidity Risk:

- To evaluate the overall risks faced by the company including liquidity risk;
- To monitor and review the working and functioning of the Asset Liability Management Committee;

Chief Risk Officer:

- To recommend the appointment, removal and terms of remuneration of the Chief Risk Officer;
- To formulate policy for safeguarding the independence of the Chief Risk Officer ("CRO");
- The Chief Risk Officer (CRO) shall report directly to Managing Director (MD) & Chief Executive Officer (CEO)/ RMC. In case the CRO reports to the MD & CEO, the RMC/ Board shall meet the CRO without the presence of the MD & CEO, at least on a quarterly basis.
- The CRO shall be involved in the process of identification, measurement and mitigation of risks.
- All credit products (retail or wholesale) shall be vetted by the CRO from the angle of inherent and control risks.

Outsourcing Financial Services:

- To formulate and implement a comprehensive Outsourcing of Financial Services policy;
- To approve a framework for evaluating the risks and materiality of all existing and prospective outsourcing and the policies that apply to such arrangements;
- To lay down appropriate approval authorities for outsourcing depending on risks and materiality;

- To set up suitable administrative framework of senior management for the purpose of implementing robust risk management practices with respect to Outsourcing;
- To undertake regular review of outsourcing strategies and arrangements for their continued relevance, safety and soundness;
- To decide on business activities of a material nature to be outsourced and to approve such arrangements;
- To promptly update the central record of material outsourcing and shall be reviewed by the Committee on half yearly basis;
- To establish adequate management structure to monitor and control the outsourcing activities.
- To review the working of risk management committee of executives w.r.t. discussions and decisions pertaining to outsourcing of financial services.
- To approve on boarding the vendor whose estimated annual expenses is more than ₹2 crore. For existing vendor, whose actual annual expense reaches the limit of ₹2 crore shall be submitted to the Committee in subsequent meeting.

Others

- To review portfolio level report of all accounts turned into SMA or NPA along with status of repayment from such accounts.
- To execute strategy of overall governance and oversight of core risk management activities when delegated by the Board of directors of the Company.
- To review the implementation of Risk Management Policy.

5. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

Regulatory Requirement

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

Meeting Details

During the Financial Year 2022-23, 3(three) CSR Committee Meetings were held on May 20, 2022, November 03, 2022 and February 23, 2023.

Composition & Attendance

The Composition of the CSR Committee and the details of attendance of the Members at the Meetings held during the year under review are as under:

Name of the Member	Status in Committee	Category	No. of Meetings attended
Mr. Rajendra Kumar Setia	Chairperson	Executive Director	3
Mr. Amar Lal Daultani	Member	Non- Executive Independent Director	3
Mr. Akshay Tanna	Member	Non-Executive Nominee Director	1
Mr. Anand Raghavan	Member	Non- Executive Independent Director	3
Mr. Yash Setia*	Member	Executive Director	1

*Mr. Yash Setia became member of the Committee on 30.01.2023.

Besides the members of the committee, meeting of the Corporate Social Responsibility Committee is attended by the Chief Financial Officer, Investor Observers, and other invitees. The Company Secretary acts as a secretary to the Committee. The necessary quorum was present for all the above meetings. Leave of absence was granted to the members who could not attend the respective Meetings.

Terms of reference

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

- Formulate and recommend to the Board of Directors of the Company, a CSR Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;
- Implementing the CSR policy and monitoring the same from time to time;
- Reviewing and making recommendations, as appropriate, with regard to the Company's CSR policy indicating CSR programs / projects to be undertaken by the Company as specified under Schedule VII of the Companies Act, 2013;
- Recommending the amount of expenditure to be incurred on the identified CSR activities;
- Formulate and recommend to the Board, an annual action plan consisting of list of approved projects or programs to be undertaken within the purview of Schedule VII of the Companies Act, 2013, manner of execution of such projects, modalities of fund utilization and implementation schedules, monitoring and reporting mechanism for the projects, and details of need and impact assessment, if any, for the projects to be undertaken;

- Coordinating with implementing agencies for implementing programs and executing initiatives as per the CSR policy and review the performance of such agencies periodically for execution of CSR programs or projects of the Company;
- Identification and monitoring the implementation of multi-year projects /programs (“Ongoing Projects”) and recommending to the Board modifications, if any, for the smooth implementation of the Ongoing Projects within the overall legally permissible time period. The Committee may also recommend to the Board, after providing reasonable justification that a CSR project or program that was not initially approved as a multi-year project be re-categorized as an Ongoing Project.
- Fix the schedule of implementation of CSR projects and programs and monitoring the progress on approved projects and shortfalls in achieving the CSR plan;
- Reviewing the expenditure incurred on CSR activities by the company and submission of the Annual report on CSR to the Board;
- Monitoring the administrative overheads in pursuance of CSR activities or projects or programs so that they do not exceed the prescribed thresholds;
- The Committee shall ensure that the necessary monitoring mechanism has been put in place to monitor the utilization of the funds disbursed for CSR activities or projects or programs.
- To recommend to the Board an amount available for setting off the excess amount spent against CSR Obligations of the financial year(s) following the year of excess spend.
- Liaising with management on the Company's CSR program, including significant sustainable development, community relations and procedures;
- Identifying the principal areas of risks and impacts relating to CSR and ensuring that sufficient resources are allocated to address these liabilities;
- Reviewing the Company's CSR performance to assess the effectiveness of the Company's CSR program and to determine whether the Company is taking all appropriate action in respect of those matters and has been duly diligent in carrying out its responsibilities and to make recommendations for improvement, where appropriate;

- Reporting regularly to the Board with respect to such matters as are relevant for the Committee to discharge its responsibility;
- Performing any other activities consistent with applicable laws and as the Committee or the Board determines necessary or appropriate.

6. IT STRATEGY COMMITTEE

Regulatory Requirement

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

Meeting Details

During the Financial Year 2022-23, 4(four) IT Strategy Committee Meetings were held on May 19, 2022, August 04, 2022, November 03, 2022 and January 30, 2023.

Composition & Attendance

The Composition of the IT Strategy Committee and the details of attendance of the Members at the Meetings held during the year under review are as under:

Name of the Member	Status in Committee	Category	No. of Meetings attended
Mr. Amar Lal Daultani	Chairperson	Non- Executive Independent Director	4
Mr. Anand Raghavan	Member	Non- Executive Independent Director	4
Mr. Akshay Tanna	Member	Non – Executive Nominee Director	2
Mr. Ajit Sajwan*	Member	Chief Technology Officer	3
Mr. Bhavesh Kumar**	Member	Chief Information Security Officer	2
Mr. Yash Setia***	Member	Executive Director	0

*Mr. Ajit Sajwan became member of the Committee on 20.04.2023.

**Mr. Bhavesh Kumar became member of the Committee on 04.08.2022.

***Mr. Yash Setia became member of the Committee on 30.01.2023.

Besides the members of the committee, meeting of the IT Strategy Committee is attended by the Chief Financial Officer, Investor Observers, and other invitees. The Company Secretary acts as a secretary to the Committee. The necessary quorum was present for all the above meetings. Leave of absence was granted to the members who could not attend the respective Meetings.

TERMS OF REFERENCE

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

1. The Committee shall work in partnership with other Board committees and Senior Management to provide input to them for IT Governance;
2. Approving and reviewing IT strategy and policy documents and suggest changes, if required;
3. Ensuring that the management has put an effective strategic planning process in place;
4. Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
5. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
6. 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;
7. Ensuring proper balance of IT investments for sustaining NBFC's growth and becoming aware about exposure towards IT risks and controls;
8. Review the Digital processes and its Roadmap;
9. Review of Cyber Security Arrangements;
10. Review the working of IT Steering Committee of the Company;
11. Review the status of IT Investments;
12. Review the IT Outsourcing Arrangements and evaluating the risks and materiality of associated with prospective outsourcing on periodic basis and recommending the same to the Board;
13. Describing the approval authorities for outsourcing depending on nature of risks and materiality of outsourcing;

14. Review organizational arrangements so that security concerns are appreciated, receive adequate attention and get escalated to appropriate levels in the hierarchy to enable quick action;
15. Review the functioning of Business Continuity Plan on the periodic basis;
16. Institute an effective governance mechanism and risk management process for all IT outsourced operations;
17. Ensuring that contingency plans have been developed and tested adequately;
18. Ensuring an independent review and audit in accordance with approved policies and procedures.

7. EXECUTIVE COMMITTEE

Regulatory Requirement

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

Meeting Details

During the Financial Year 2022-23, 56(Fifty Six) Executive Committee Meetings were held on 01st April,2022, 11th April,2022, 26th April,2022, 29th April,2022, 10th May,2022, 11th May,2022, 17th May,2022, 18th May,2022, 23rd May,2022, 26th May,2022, 01st June,2022, 06th June,2022, 25th June,2022, 28th June,2022, 19th July,2022, 21st July,2022, 25th July,2022, 28th July,2022, 30th July,2022, 08th August,2022, 18th August,2022, 03rd September,2022, 09th September,2022, 13th September,2022, 14th September,2022, 16th September,2022, 21st September,2022, 22nd September,2022, 24th September,2022, 26th September,2022, 29th September,2022, 12th October, 2022, 19th October,2022, 08th November, 2022, 10th November, 2022, 16th November, 2022, 26th November, 2022, 30th November, 2022, 07th December,2022, 12th December, 2022, 27th December,2022, 30th December,2022, 05th January,2023, 19th January,2023, 24th January,2023, 27th January,2023, 02nd February,2023, 13th February,2023, 21st February,2023, 27th February,2023, 06th March,2023, 09th March,2023, 10th March,2023, 21st March,2023, 28th March,2023 and 30th March,2023,

Composition & Attendance

The Composition of the Executive Committee and the details of attendance of the Members at the Meetings held during the year under review are as under:

Name of the Member	Status in Committee	Category	No. of Meetings attended
Mr. Rajendra Kumar Setia	Chairperson	Executive Director	48
Ms. Shalini Setia*	Member	Executive Director	48
Mr. Vivek Haripal Singh	Member	Treasury Head	42
Mr. Atul Arora	Member	Chief Financial Officer	52
Mr. Rohit Srivastava**	Member	Chief Risk Officer	32
Mr. Yash Setia***	Member	Executive Director	8

* Ms. Shalini Setia ceased to be member of the Committee on 30.01.2023.

**Mr. Rohit Srivastava became member of the Committee on 20.04.2022.

***Mr. Yash Setia became member of the Committee on 30.01.2023.

The Company Secretary acts as a secretary to the Committee. The necessary quorum was present for all the above meetings. Leave of absence was granted to the members who could not attend the respective Meetings.

Terms of reference

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

1. Managing the day to day business and operational affairs of the Company;
2. Establishing best management practices and functional standards and secretarial standards;
3. Borrow money and exercise all powers to borrow moneys not exceeding ₹12,000 Crores (Rupees Twelve Thousand Crores only) in Indian Rupees or equivalent thereof in any foreign currency(ies) in aggregate at any time and taking all necessary actions connected therewith within the limit prescribed under law and authorize employees of the company for execution;
4. Provide guarantee including performance guarantee, issue letter of comfort and providing securities and taking all necessary actions connected therewith (subject to applicable provisions of Companies Act, 2013 and applicable laws;

5. Review of banking arrangement/facilities and taking all necessary actions connected therewith including re-financing for optimization of borrowing costs (subject to overall limit of borrowing);
6. Selling assignment of its receivables/ book debts upto ₹3,000 crores (Rupees Three Thousand Crore only) in favour of banks / financial institutions, other investing agencies and trustees for the holders of debentures / bonds / Pass Through Certificates and other instruments and authorize employees of the company for execution;
7. To approve the Write off cases of receivables/ book debts/ asset of the company;
8. Purchasing assignment of other company's/ body corporate receivables/ banks / financial institutions receivables/ book debts upto ₹1000 crores (Rupees One Thousand Crore only) in favour of company and to authorize employees of the company for execution;
9. Adoption, Amendment of functional and internal management policies and Standard Operating Procedures ("SOP");
10. To ensure the implementation of all approved policies and SOP's falling under the purview of Executive Committee of Board and to do all such ancillary activities related to such policies and SOP's.
11. Advise on financial matters/policies in overall interest of Company;
12. Opening of bank accounts or operation of bank accounts;
13. Appointment of employees/ officers as authorize signatories on behalf of the company for appearing before various judicial, quasi-judicial, non-judicial, forms, governments, semi-governments authorities or any other governing body;
14. Appointment of employees/ officers as authorize signatories on behalf of the company for Securitization of its Receivables/ book debts/ asset of the company;
15. Appointment of employees/ officers of company as 'Authorized Officer' under Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI Act") and allied rules as amended from time to time;

16. Empanelment of Vendors for Outsourcing Arrangements, conduction of Due Diligence or such other matters in this connection;
17. Issue and Allot non-convertible debentures aggregating up to ₹6,000 Crores (Rupees Six Thousand Crores only) in one or more tranches from time to time (including but not limited to public issue of NCDs, if any) and to do all such acts, deeds and things, and take necessary actions and to comply with all formalities as may be required in connection with and incidental to the aforesaid offering of NCDs, including the prior and post issue formalities and with power to settle any question, difficulties or doubts that may arise in regard to the issue or allotment of such NCDs as may be deemed fit.
18. To approve all charges and any revisions thereof as per the interest rate policy of the company.
19. To approve the process in relation to Recruitment, on-boarding, re-hiring and separation of employee.
20. To approve the Schemes/processes for Employee benefits, Leave Entitlement Manual and Learning & Development Programme for their Implementation.

8. PRODUCT APPROVAL COMMITTEE

Regulatory Requirement

The company has constituted a Product Approval Committee on 04th November, 2022 which is a Board Delegated Committee in accordance with RBI Master Directions.

Composition & Attendance

The Composition of the Product Approval Committee and the details of attendance of the Members at the Meetings held during the year under review are as under:

Name of the Member	Status in Committee	Category
Raj Kumar Setia	Chairperson	Head Strategy – Business Development (SME)
Amarpreet Singh Batra	Member	Chief Operating Officer
Yash Setia	Member	Executive Director
Rohit Srivastava	Member	Chief Risk Officer
Anubha Khandelwal	Member	Chief Compliance Officer

The Company Secretary acts as a secretary to the Committee. The necessary quorum was present for all the above meetings. Leave of absence was granted to the members who could not attend the respective Meetings.

Terms of reference

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

1. The Committee shall review any product proposals and suggest modifications if any.
2. The Committee shall review any changes, modification, up gradation, revision in the existing products, as and when proposed.
3. The Committee shall propose the approval of the products to the Board of Directors in accordance with the Board approved Credit Policy.

9. INVESTMENT COMMITTEE

Regulatory Requirement

The company has constituted an Investment Committee on 04th November, 2022 which is a Board Delegated Committee in accordance with RBI Master Directions.

Meeting Details

During the Financial Year 2022-23, 8 (Eight) Investment Committee Meetings were held on 07th November, 2022, 18th November, 2022, 14th December, 2022, 06th January, 2023, 20th January, 2023, 13th February, 2023, 14th March, 2023 and 28th March, 2023.

Composition & Attendance

The Composition of the Investment Committee and the details of attendance of the Members at the Meetings held during the year under review are as under:

Name of the Member	Status in Committee	Category	No. of Meetings attended
Rajendra Kumar Setia	Chairperson	Managing Director & CEO	8
Atul Arora	Member	Chief Financial Officer	8
Vivek Haripal Singh	Member	Head-Treasury	8
Ankur Rastogi	Member	AVP-Treasury	8
Anand Agarwal	Member	DVP-Treasury	8
Honey Jain	Member	Finance Contoller	8

The Company Secretary acts as a secretary to the Committee. The necessary quorum was present for all the above meetings.

Terms of reference

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

1. Deployment of funds/ sale of investments towards investment activities undertaken under the Investment policy;
2. Approve recommendations for any changes in the investment policy and subsequently submit to the Board for ratification and approval for implementation;
3. Determining classification of investments into current and long term investments;
4. Ensuring Investment of funds as per the policy guidelines;
5. Ensuring Accounting of the Securities transactions and reconciliation thereof and valuation of securities; and
6. Any other matter incidental to the above scope to necessary to support objectives of investment policy or within scope of the regulatory guidelines.

4. GENERAL BODY MEETINGS

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

AGM	Date & Time	Location	Special Resolutions passed
28 th AGM	August 03, 2022 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 28 th AGM.
27 th AGM	August 18, 2021 at 10:30 a.m.	Through Video Conferencing Hosted At Plot No.36, Dhuleshwar Garden, Jaipur- 302001 (Rajasthan)	To approve the Change in the name of the Company.
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.

POSTAL BALLOT

During the financial year 2022-23, no resolutions have been passed through postal ballot.

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

5. MEANS OF COMMUNICATION

The company strives to maintain utmost transparency in its communication with the Shareholders, Debenture Holders, Lenders and other Stakeholders. Full and timely disclosure of information having bearing on the performance/operation of the company including the Company's financial performance and other material information are intimated in electronic mode through the BSE Listing centre for dissemination of such information to the public at large. The Unaudited and Audited financial results of the Company are sent to the Stock Exchange and Debenture trustees promptly after they are approved by the Board of Directors. These results are simultaneously posted on the website of the Company at the Weblink <https://www.skfin.in/investor>. The results of the Company are normally published in Financial Express or The 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. The Ministry of Corporate Affairs ("MCA") and SEBI has through various circulars issued from time to time granted relaxation from dispatch of physical copies of annual return. Therefore, the Annual Report for FY 2022-23 and Notice of 29th AGM of the Company is being sent to the Members, Debenture Trustees, Debenture Holders and Auditors of the Company only through their registered e-mail addresses in accordance with MCA and SEBI Circulars.

6. GENERAL SHAREHOLDER INFORMATION

29 th Annual General Meeting	Day & Date: Monday, 25 th September, 2023. Time: 02:30 P.M. Venue: Through video conferencing
Financial Year	The financial year covers the period from 1 st April, 2022 to 31 st March, 2023.
Dividend Payment Date	The Board has not recommended dividend for F.Y. 2022-2023.
Name and address of Stock Exchange where Securities are listed and a confirmation about payment of annual listing fees	The Company has issued privately placed Non-Convertible Debentures and Commercial Papers* which were listed on: BSE Limited (BSE) 25 th Floor, PJ Towers, Dalal Street, Mumbai-400001 MH IN The Company has paid the requisite listing fees in full. *As on 31 st March, 2023, the Company has no outstanding Commercial Papers.
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 table enclosed herewith. Further, no other securities of the Company are listed as on the date of report.
Registrars to the Issue and Share transfer Agents	Kfin Technologies Limited (Formerly known as Kfin Technologies Private Limited) Selenium, Tower B, Plot No- 31 & 32, Financial District, Nanakramguda, Serilingampally Hyderabad Rangareddi TG 500032 IN Email id: inward.ris@kfin.tech
Share Transfer System	In terms of Regulation 7 of the SEBI LODR Regulations, M/s Kfin Technologies Limited continues to be the Registrar and Share Transfer Agent and handles all relevant share registry services. All the securities of the Company are in dematerialized form, hence there are no physical transfer of securities. Pursuant to the provisions of Regulation 61(4) read with Regulation 40(9) of SEBI LODR Regulations, the Compliance Certificate issued by M/s V.M. & Associates, Company Secretaries confirming that all activities in relation to share transfer facility are maintained by Registrar and Share Transfer Agent registered with the Securities and Exchange Board of India is submitted to the Stock Exchange on a yearly basis.
Debenture Trustees	<p>1. Beacon Trusteeship Limited 4 C & D, Siddhivinayak Chambers, Gandhi Nagar, Opp. MIG Cricket Club, Bandra (East), Mumbai – 400 051 Contact Person: Ms. Veena Nautiyal / Mr. Viraj Dere Email: veena@beacontrustee.co.in; viraj@beacontrustee.co.in Contact: +91 (0)22 2655 8759</p> <p>2. Catalyst Trusteeship Limited Windsor, 6th Floor, Office No. 604, C.S.T. Road, Kalina, Santacruz (East), Mumbai – 400098 Contact Person: Ms. Priti Shetty / Ms. Deesha Trivedi Email: deesha.trivedi@ctltrustee.com; Office: 022-49220520 Fax: 022-49220505</p> <p>3. IDBI Trusteeship Services Limited Universal Insurance Building, Ground Floor, Sir P.M. Road, Fort, Mumbai – 400001 Contact Person: Mr. Naresh A. Sachwani/ Ms. Nayana Rathore E Mail: naresh.sachwani@idbitrustee.com; nayana@idbitrustee.com; T: (91) (22) 40807016</p> <p>4. MITCON Credentia Trusteeship Services Limited 1402/1403, Dalamal Tower, Free Press Journal Marg, 211, Nariman Point, Mumbai -400 021 Maharashtra (India) Contact Person: Mr. Navin Chouksey/ Ms. Vaishali Urkude E Mail: navin.chouksey@mitconindia.com; vaishali.urkude@mitconindia.com T: (91) (22) 40807016</p> <p>5. Vardhman Trusteeship Private Limited The Capital, A Wing, 412A, Bandra Kurla Complex, Bandra (East) Mumbai 400 051 Contact Person: Mr. Nilesh Palav E-Mail: compliance@vardhmantrustee.com; nilesh@vardhmantrustee.com</p>

CORPORATE OVERVIEW	REVIEWING THE YEAR	A RESPONSIBLE BUSINESS	STATUTORY REPORTS	FINANCIAL STATEMENTS
Dematerialization of shares and liquidity	100 % of the equity shares of the company are in electronic form with both National Securities Depository Limited (“NSDL”) and Central Depository Services (India) Limited (“CDSL”). Transfer of these shares are done through the depositories with no involvement of the company.			
Outstanding Convertible instruments	The Company has not issued any convertible instruments during the reporting period.			
Commodity price risk or foreign exchange risk and hedging activities	Commodity price risk: Not Applicable The company has fully hedged its foreign exchange risks associated with External Commercial Borrowings.			
Locations	The Company has strengthened its presence across the 10 states and 1 Union Territory with a network of more than 440 branches. List of branches are stated in this Annual Report at page no.____			
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 Designation: Company Secretary Email id: Anagha.Bangur@skfin.in			
Credit ratings obtained	During the period under review, the Company reported the following changes in the credit ratings.			

Products	Rating assigned*	Previous rating assigned
(i) Non-convertible debentures	CARE A+/Positive	CARE A+
	CRISIL A+/Stable	CRISIL A+
	ICRA A+/Positive	ICRA A+
(ii) Market Linked debentures	CARE PP-MLD A+/Positive	CARE PP-MLD A+/Stable
	CRISIL PP-MLD A+/Stable	CRISIL PP-MLD A+r/Stable
	ICRA PP MLD A+/Positive	ICRA PP MLD A+/Stable
(iii) Structured non-convertible debentures	Acuite Rating and Research Ltd AA-/Stable	-
	Withdrawn	ICRA A+(CE)/Stable
(iv) Subordinated bonds	CARE A+/Positive	CARE A+
(v) Loan facility	CARE A+/Positive	CARE A+
	CRISIL A+/Stable	CRISIL A+
	Withdrawn	ICRA A+
(vi) Commercial paper	India Rating and Research Pvt Ltd A+/Stable	India Rating and Research Pvt Ltd A+
	Acuite Rating and Research Ltd AA-/Stable	Acuite Rating and Research Ltd AA-
	India Rating and Research Pvt Ltd A1+	India Rating and Research Pvt Ltd A1+
	Acuite Rating and Research Ltd A1+	Acuite Rating and Research Ltd A1+

The Company's Non- Convertible Debentures are listed on BSE Limited under the following ISINs/Scrip Codes as on March 31, 2023:

ISIN	Scrip Code	Address
INE124N07242	958461	
INE124N07374	959524	
INE124N07382	959556	
INE124N07390	959631	
INE124N07408	959638	
INE124N07416	959650	
INE124N07424	959649	
INE124N07440	959699	
INE124N07457	959744	
INE124N07473	960087	
INE124N07531	973022	
INE124N07556	973129	
INE124N07564	973571	
INE124N08075	973691	
INE124N07655	974581	
INE124N07648	974565	
INE124N07622	974364	
INE124N07630	974519	
INE124N07572	973929	
INE124N07598	973953	
INE124N07606	974100	
INE124N07614	974232	

BSE Limited (BSE)
25th Floor, PJ Towers, Dalal Street,
Mumbai-400001 MH IN
www.bseindia.com

7. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2023

a. Distribution of equity shareholding as on 31st March, 2023:

Number of Shares	Holding	Percentage to capital	Number of Accounts	Percentage to total accounts
Upto 50,00,000	55,46,375	18.84	79	96.34
50,00,001- 1,00,00,000	1,26,42,937	42.93	2	2.44
Above 1,00,00,000	1,12,57,463	38.23	1	1.22
	2,94,46,775	100%	82	100%

b. Categories of equity shareholders as on 31st March, 2023:

Category	No of equity shares	Percentage of Holding
Promoter & Promoter Group*	1,14,19,469	38.78%
Alternate Investment Funds	24,04,830	8.17%
Foreign Institutional Investors	1,54,09,681	52.33%
Others	2,12,795	0.72%
	2,94,46,775	100.00%

Notes:

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

Promoters Group comprises of 57,556 shares of Mr. Raj Kumar Setia, 38,500 shares of Mr. Sameer Arora, 1500 of Mr. Sanjeev Arora, 650 shares of Ms. Shalini Setia, 650 shares of Ms. Bhajan Devi Setia and 650 shares of Mr. Yash Setia.

8. OTHER DISCLOSURES

- a) All transactions entered into with Related Parties as defined under the Act and SEBI LODR Regulations during the financial year were in the ordinary course of business and on an arm's length basis. The details of the transactions with related parties were placed before the Audit Committee and Board on the quarterly basis.

During the Financial Year 2022-23, there were no materially significant transactions or arrangements entered into between the Company and its Promoters, Directors or their Relatives or the Management, Subsidiaries, etc., that may have potential conflict with the interests of the Company at large. Further, details of related party transactions are presented in Note Number 53 to Financial Statements in the Annual Report. The policy on dealing with Related Party Transaction is available on the Company's website at the web link <https://www.skfin.in/policies>.

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

- b) The Vigil Mechanism as envisaged in the Act and the Rules prescribed thereunder, RBI Guidelines and the SEBI LODR Regulations is implemented through the Whistle Blower Policy. This Policy provides for adequate safeguards against victimization of persons who use such mechanism and makes provision for direct access to the Chairperson of the Audit Committee. The Audit Committee is apprised on the vigil mechanism on a periodic basis. During the year, no personnel was denied access to the Chairperson of the Audit Committee. One Complaint was received and resolved during the year.

The Whistle Blower Policy per se provides for protected disclosure and protection to the Whistle Blower. Under the Vigil Mechanism all stakeholders have been provided access to the Audit Committee through the Chairperson, to report illegal or unethical behavior, actual or suspected fraud(s) or violation of the Company's Codes of Conduct or Corporate Governance Policies or any improper activity. The Whistle Blower Policy is available on the Company's website at the Weblink <https://www.skfin.in/investor>

- c) The company has complied with all the applicable mandatory requirements of SEBI LODR Regulations.

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

- e) The total fees paid to the M/s S.R. Batliboi & Associates LLP, Statutory Auditors of the Company and all entities in the network firm/ network entity of which the statutory auditor is a part, for the year ended March 31, 2023, are as follows:

S. No.	Particulars	Amount in ₹
1	Statutory Audit Fee	65,00,000
2	Quarterly Limited Review Fee	16,00,000

- f) The Company has zero tolerance towards sexual harassment at the workplace and has adopted a 'Policy for Prevention of Sexual Harassment' to prohibit, prevent or deter any acts of sexual harassment at workplace and to provide the procedure for the Redressal of complaints pertaining to sexual harassment, thereby providing a safe and healthy work environment, in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 and the rules thereunder. Appropriate reporting mechanisms are in place for ensuring protection against Sexual Harassment and the right of Women to work with dignity.

The following is a summary of Sexual Harassment complaint(s) received and disposed off during the year 2022-23, pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder:

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	1	1	NIL

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

- h) All the members of the Board and Senior Management personnel have affirmed compliance with the Code of Conduct for the year ended March 31, 2023. The Code is displayed on the website of the Company at the Weblink <https://www.skfin.in/investor>. A declaration to this effect signed by the Managing Director and CEO forms part of Annual Report as **Annexure - IV**.

- i) 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.

- j) A certificate from Mr. Manoj Maheshwari, Practicing Company Secretary (Membership No. FCS 3355), partner of M/s V. M. & Associates, Company Secretaries has been received stating that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by SEBI/Ministry of Corporate Affairs or any such statutory authority. The same forms part of the Annual Report as **Annexure-III** to the Directors' Report.
- k) A certificate from Mr. Manoj Maheshwari, Practicing Company Secretary (Membership No. FCS 3355), partner of M/s V. M. & Associates, Company Secretaries regarding compliance of conditions of corporate governance forms part of Annual Report as **Annexure - V**.
- l) Disclosure of commodity price risks and commodity hedging activities- Not Applicable since the Company does not have any derivatives denominated in foreign currency.
- m) Since the Company does not have any subsidiary, therefore, there is no policy for determining 'material' subsidiaries.
- n) There are no instances of Non-compliance of any requirement of corporate governance report as mentioned in SEBI LODR Regulations.
- o) The Company during the reporting period has not raised funds through preferential allotment or qualified institutions placement.
- p) The Chairperson of the Company is a non-executive director and is not related to the Managing Director and the Chief Executive Officer of the Company.
- q) 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.
- r) 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 <https://www.skfin.in/investor>.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
FOR **SK FINANCE LIMITED**
(Formerly known as Ess Kay Fincorp Limited)

PLACE: JAIPUR
DATE: 03rd MAY, 2023

RAJENDRA KUMAR SETIA
MANAGING DIRECTOR & CEO
DIN: 00957374

YASH SETIA
WHOLE-TIME DIRECTOR
DIN: 09831391

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

ANNEXURE I

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED March 31, 2023

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

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

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **SK Finance Limited** (Formerly known as 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, 2023 ('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, 2023 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

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

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

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (**Not applicable to the Company during the Audit Period**);
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (**Not applicable to the Company during the Audit Period**);
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (**Not applicable to the Company during the Audit Period**);
- (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 ;
- (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, 2021 (**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**); and
- (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) Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016;
- (c) Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs and guidelines notified thereunder.
- (d) Master Direction - Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016;
- (e) Master Direction-Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016;
- (f) Master Direction-Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016;
- (g) Master Direction - Know Your Customer (KYC) Direction, 2016;
- (h) Master Direction – Information Technology Framework for the NBFC Sector; and
- (i) Master Direction-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. Further, the Company has also maintained Structured Digital Database (“SDD”) in compliance with Regulation 3(5) and 3(6) of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

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 directors were present at Board Meetings which were called at shorter notice to transact business which were considered urgent by the management in compliance of Section 173(3) of the Act. A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

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

- (a) Duly passed the resolution under Section 180(1)(c) and Section 180(1)(a) of the Act, read with its applicable rules, as amended to authorize the Board of Directors to borrow money in excess of the aggregate of the paid-up share capital, free reserves and securities premium of the Company, but not exceeding a sum of ₹12,000 Crores (Rupees Twelve Thousand 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 under section 23 and 71 of the Act read with its applicable rules, for approving issue of Non-Convertible Debentures for an amount upto ₹1,500 Crores (Rupees One Thousand and Five Hundred Crores only) under a Prospectus/ Shelf Prospectus structure in one or more tranches;

- (c) Duly passed the resolution pursuant to Section 42, 23, and 71 of the Act for issue of Non-Convertible Debentures including but not limited to subordinate debentures, bonds and/or other debt securities etc. for an amount upto ₹6,000 Crore (Rupees Six Thousand Crore only) on public issue or private placement basis in one or more tranches;
- (d) Altered the provisions of Articles of Association of the Company;
- (e) Allotted 2,36,520 (Two Lakh Thirty Six Thousand Five Hundred and Twenty) equity shares upon exercise of options by its eligible employees under its Employee Stock Option Scheme/ Plan 2018;

Place: Jaipur
Date: May 03, 2023
UDIN: F003355E000246281

- (f) Issued and allotted 99,460 (Ninety Nine Thousand Four Hundred and Sixty) Non-Convertible Debentures aggregating to ₹11,710,000,000/- (Rupees One Thousand One Hundred and Seventy One Crores Only) on private placement basis in multiple tranches;
- (g) Redeemed Non-Convertible Debentures amounting to ₹6,65, 80,00,000/- (Rupees Six Hundred Sixty Five Crores and Eighty Lakh Only) pursuant to maturity, exercise of call options and early redemption;
- (h) Applied to BSE Limited for waiver of fine of ₹23,600/- (Basic ₹20,000/- + GST ₹3,600/-) for delay in submitting the notice of record date under Regulation 60(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For **V. M. & Associates**

Company Secretaries
(ICSI Unique Code P1984RJ039200)
PR 581 / 2019

CS Manoj Maheshwari

Partner
Membership No.: FCS 3355
C P No.: 1971

Note: This report is to be read with our letter of even date which is annexed as 'Annexure 1' and forms an integral part of this report.

Annexure 1

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

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

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: Jaipur
Date: May 03, 2023
UDIN: F003355E000246281

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

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

ANNEXURE II

CEO/CFO CERTIFICATE

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

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

- A. We have reviewed financial statements and the cash flow statements for the year ended 31st March, 2023 and that to the best of our knowledge and belief;
 - a. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have disclosed, based on our evaluation wherever applicable to the Auditors and the Audit Committee that;
 - a. there were no significant changes in internal controls over financial reporting during the year;
 - b. there are no significant changes in accounting policies during the year, and
 - c. there were no instances of significant fraud of which we are aware and the involvement therein, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

SD/-
Rajendra Kumar Setia
Managing Director & Chief Executive Officer
DIN: 09831391

SD/-
Atul Arora
Chief Financial Officer

Jaipur
03rd May, 2023
Regd. Address: G 1-2, New Market, Khasa Kothi,
Jaipur - 302001 (Rajasthan)
Website: www.skfin.in Email: info@skfin.in

ANNEXURE III

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to BSE Limited's Notice dated January 07, 2022 read with Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

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

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **SK Finance Limited (Formerly known as Ess Kay Fincorp Limited)** having **CIN: U65923RJ1994PLC009051** and having registered office at **G 1-2, New Market, Khasa Kothi, Jaipur - 302001 (Rajasthan)** (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with BSE Limited's Notice no. 20220107-16 dated January 07, 2022 read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on 31st March, 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, Reserve Bank of India or any such other Statutory Authority.

Sr.No.	Name of Director	DIN
1.	Rajendra Kumar Setia	00957374
2.	Yash Setia	09831391
3.	Anand Raghavan	00243485
4.	Akshay Tanna	02967021
5.	Amar Lal Daultani	05228156
6.	Debanshi Basu	07135074

Ensuring the eligibility of, for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Jaipur
Date: May 03, 2023
UDIN: F003355E000246367

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

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

ANNEXURE IV

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

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

As per Regulation 17(5), Regulation 26(3) and Schedule V of Securities Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, all Board Members and Senior Management Personnel have affirmed Compliance with the Code of Conduct for the year ended on 31st March, 2023.

SD/-
Rajendra Kumar Setia
Managing Director & Chief Executive Officer

Jaipur
03rd May, 2023
Regd. Address: G 1-2, New Market, Khasa Kothi,
Jaipur - 302001 (Rajasthan)
Website: www.skfin.in Email: info@skfin.in

ANNEXURE V

CERTIFICATE ON CORPORATE GOVERNANCE

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

1. We have examined the compliance of conditions of Corporate Governance of SK Finance Limited (Formerly known as Ess Kay Fincorp Limited) ("the Company") for the year ended on March 31, 2023 as stipulated in Regulations 17 to 27 and paragraphs C, D and E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [collectively referred to as "SEBI Listing Regulations"].

The Company is a High Value Debt Listed Entity ("HVDLE") pursuant to Regulation 15(1A) of SEBI Listing Regulations. Accordingly, Regulation 16 to Regulation 27 of the SEBI Listing regulations is applicable on the Company.

Management's Responsibility for compliance with the conditions of SEBI Listing Regulations

2. The compliance with the conditions of Corporate Governance is the responsibility of the management of the Company, including the preparation and maintenance of all relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in SEBI Listing Regulations.

Our Responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with the Corporate Governance requirements by the Company.
5. We have conducted our examination in accordance with the Guidance Note on Corporate Governance Certificate and the Guidance Manual on Quality of Audit & Attestation Services issued by the Institute of Company Secretaries of India ("ICSI").

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us and the representation made by the directors and 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 certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned SEBI Listing Regulations.
7. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Restriction on use

8. The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the SEBI Listing Regulations, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

Place: Jaipur
Date: May 03, 2023
UDIN: F003355E000246444

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

CS Manoj Maheshwari
Partner
Membership No.: FCS3355
C P No.: 1971

Independent Auditor's Report

To the Members of SK Finance Limited (Formerly, Ess Kay Fincorp Limited)

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of SK Finance Limited ("the Company", Formerly, Ess Kay Fincorp Limited), which comprise the Balance sheet as at March 31, 2023, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its profit including other comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code

of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended March 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matters	How our audit addressed the key audit matter
<p>(a) Impairment of loans as at the balance sheet date (expected credit losses) (as described in note 2(H) of the Ind AS financial statements)</p> <p>Ind AS 109: Financial Instruments ("Ind AS 109") requires the Company to provide for impairment of its Loans using the Expected Credit Losses ("ECL") approach. ECL involves an estimation of probability weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions and other factors which could impact the credit quality of the Corporation's loans.</p> <p>In the process, a significant degree of judgement has been applied by the management for:</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> Considered the Company's accounting policies for impairment of loans and assessed compliance with the policies in terms of Ind AS 109: Financial Instruments and the governance framework approved by the Board of Directors pursuant to Reserve Bank of India guidelines issued on March 13, 2020, ("the RBI Guidelines"). Evaluated the reasonableness of the management estimates by understanding the process of ECL estimation and related assumptions and tested the controls around extraction, validation and computation of the input data used. Assessed the criteria for staging of loans based on their past-due status to check compliance with requirement of Ind AS 109. Tested a sample of performing (stage 1) loans to assess whether any SICR or loss indicators were present requiring them to be classified under stage 2 (i.e. default in repayment is within the range of 31 to 90 days) or stage 3 (i.e. the default in repayment is more than 90 days).

Key audit matters	How our audit addressed the key audit matter
<p>a) Defining qualitative/ quantitative thresholds for 'significant increase in credit risk' ("SICR") and 'default'.</p> <p>b) Grouping of borrowers (retail loan portfolio) based on homogeneity for estimating probability of default ('PD'), loss given default ('LGD') and exposure at default ('EAD') on a collective basis;</p> <p>c) Determining effect of less frequent past events on future probability of default.</p> <p>d) Determining macro-economic factors impacting credit quality of loans.</p>	<ul style="list-style-type: none"> Tested the arithmetical accuracy of computation of ECL provision performed by the Company. Assessed the adequacy of disclosures included in the financial statements in respect of expected credit losses with the requirements of Ind AS 107 and 109 on ECL estimation.
<p>In view of the high degree of management's judgement involved in estimation of ECL, impairment of loans as at the balance sheet date (including provision for expected credit losses) is a key audit matter.</p>	

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal

financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis

for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the financial year ended March 31, 2023 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, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) In our opinion, the managerial remuneration for the year ended March 31, 2023 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) In our opinion, the managerial remuneration for the year ended March 31, 2023 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 38 to the financial statements;
 - ii. The Company has made provisions, as required under the applicable laws or accounting standard, for material foreseeable losses, if any on long-term contracts including derivative contracts. Refer Note 54 to the financial statements;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 92(viii) to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- b) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 92(viii) to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v. No dividend has been declared or paid during the year by the Company.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Amit Kabra
Partner
Membership Number: 094533
UDIN: 23094533BGWIUR4753
Place of Signature: Jaipur
Date: 3 May 2023

Annexure 1 referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

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| <p>(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.</p> <p>(i) (a) (B) The Company has maintained proper records showing full particulars of intangibles assets recognized in the financial statements.</p> <p>(i) (b) All Property, Plant and Equipment were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years which is reasonable having regard to the size of the Company and the nature of its assets.</p> <p>(i) (c) The title deeds of all the immovable properties (other than properties where the Company is the lessee, and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.</p> <p>(i) (d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2023.</p> <p>(i) (e) There are no proceedings initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended) and rules made thereunder.</p> <p>(ii) (a) The Company's business does not require maintenance of inventories and, accordingly, the requirement to report on clause 3(ii)(a) of the Order is not applicable to the Company.</p> <p>(ii) (b) The Company has been sanctioned working capital limits in excess of Rs. 5 crores in aggregate by banks or financial institutions. However, such loans are either unsecured or secured by way of negative lien over assets of the Company. Accordingly, the requirement to report on clause 3(ii)(b) of the Order is not applicable to the Company.</p> | <p>(iii) (a) Since, the Company's principal business is to give loans and accordingly, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the Company.</p> <p>(iii) (b) During the year the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees to companies, firms, Limited Liability Partnerships or any other parties are not prejudicial to the Company's interest.</p> <p>(iii) (c) In respect of loans and advances in the nature of loans, granted by the Company as part of its business of providing loans, the schedule of repayment of principal and payment of interest has been stipulated by the Company. Having regard to the voluminous nature of loan transactions, it is not practicable to furnish entity-wise details of amount, due date for repayment or receipt and the extent of delay (as suggested in the Guidance Note on CARO 2020, issued by the Institute of Chartered Accountants of India for reporting under this clause), in respect of loans and advances which were not repaid / paid when they were due or were repaid / paid with a delay, in the normal course of lending business.</p> <p>Further, except for 46,547 instances having amount outstanding of Rs. 94,846.74 lakhs and overdue amount of Rs. 14,197.88 lakhs as at March 31, 2023 where there are delays or defaults in repayment of principal and / or interest as at the balance sheet date, the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest, as applicable.</p> <p>(iii) (d) In respect of loans and advances in the nature of loans, the total amount of cases which are overdue for more than ninety days as at March 31, 2023 is Rs. 13,807.84 lakhs and the number of such cases are 8,180. In such instances, in our opinion, reasonable steps have been taken by the Company for recovery of the overdue amount of principal and interest.</p> <p>(iii) (e) Since, the Company's principal business is to give loans and accordingly, the requirement to report on clause 3(iii)(e) of the Order is not applicable to the Company.</p> |
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| <p>(iii) (f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.</p> <p>(iv) There are no loans, investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.</p> <p>(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.</p> <p>(vii) (b) The dues of goods and service tax, provident fund, employees' state insurance, income tax, sales tax, service tax, duty of custom, duty of excise, value added tax, cess, and other statutory dues as applicable to the Company, which have not been deposited on account of any dispute, are as follows:</p> | <p>(vi) The Company is not in the business of sale of any goods or provision of such services as prescribed. Accordingly, the requirement to report on clause 3(vi) of the Order is not applicable to the Company.</p> <p>(vii) (a) Undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, cess and other statutory dues, as applicable to the Company have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. The provisions relating to sales tax, service tax, duty of customs, duty of excise, value added tax and cess are not applicable to the Company.</p> <p>According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.</p> |
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Name of the statute	Nature of the disputed dues	Amount under dispute (Rs in lacs)	Amount paid* (Rs. In lacs)	Period to which the amount relates	Forum where the dispute is pending
Finance Act, 1994	Service tax	550.37	20.63	FY 2010-2015	Custom, Excise, Income Tax Appellate Tribunal
Finance Act, 1994	Service tax	446.89	30.46	FY 2015-2018	Custom, Excise, Income Tax Appellate Tribunal
CGST Act, 2017	GST	64.46	3.22	FY 2017-2018	Commissioner of CGST (Appeals)
CGST Act, 2017	GST	72.85	3.64	FY 2018-2019	Commissioner of CGST (Appeals)
Income Tax Act, 1961	Income Tax	33.46	-	FY 2019-20	Commissioner of income-tax (Appeals)

*paid under protest

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| <p>(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.</p> <p>(ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.</p> <p>(ix) (b) The Company has not been declared as a wilful defaulter by any bank or financial institution or other lender during the year.</p> | <p>(ix) (c) Money raised during the year by the Company by way of term loans has been applied for the purpose for which they were raised other than temporary deployment pending application of proceeds.</p> <p>(ix) (d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes during the year by the Company.</p> <p>(ix) (e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) of the Order is not applicable to the Company.</p> |
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- (ix) (f) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on Clause 3(ix)(f) of the Order is not applicable to the Company.
- (x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
- (x) (b) The Company has complied with provisions of sections 42 and 62 of the Companies Act, 2013 in respect of the preferential allotment or private placement of fully or partially or optionally convertible debentures respectively during the year. The funds raised, have been used for the purposes for which the funds were raised. The Company has not raised money by way of private placement of shares during the year ended March 31, 2023.
- (xi) (a) No fraud by the Company or no material fraud on the Company has been noticed or reported during the year.
- (xi) (b) During the year and up to the date of this report, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by secretarial auditor or by predecessor auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (xi) (c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of audit procedures.
- (xii) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii) of the Order is not applicable to the Company.
- (xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details of such transactions have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.
- (xiv) (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.
- (xvi) (a) The Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934).
- (xvi) (b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtaining a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (xvi) (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.
- (xvi) (d) There are no other Companies part of the Group, hence, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.
- (xvii) The Company has not incurred cash losses in the current financial year or the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.
- (xix) On the basis of the financial ratios disclosed in note 51 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the

assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- (xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act, 2013 (the "Act"), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 37 to the financial statements.

- (xx) (b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in note 37 to the financial statements.

- (xxi) The Company doesn't have any subsidiary, Associate or Joint Venture. Accordingly, the requirement to report on clause 3(xxi) of the Order is not applicable to the Company.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Amit Kabra

Partner

Membership Number: 094533

UDIN: 23094533BGWIUR4753

Place of Signature: Jaipur

Date: 3 May 2023

Annexure 2 referred to in paragraph 2(f) under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls with reference to these financial statements of SK Finance Limited (“the Company”) as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to these financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls with reference to these financial statements.

Meaning of Internal Financial Controls With Reference to these Financial Statements

A company’s internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to these financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to these financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to these financial statements and such internal financial

controls with reference to these financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Amit Kabra

Partner

Membership Number: 094533

UDIN: 23094533BGWIUR4753

Place of Signature: Jaipur

Date: 3 May 2023

Balance Sheet

As at March 31, 2023

(₹ in lakhs except otherwise stated)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
ASSETS			
Financial assets			
Cash and cash equivalents	4	75,748.71	17,455.85
Bank balance other than cash and cash equivalents	5	46,230.76	44,334.54
Derivative financial instrument	6	2,508.06	479.57
Receivables			
Other receivables	7	1,075.13	223.11
Loans	8	6,99,039.30	4,64,330.19
Investments	9	52,611.88	78,184.25
Other financial assets	10	7,968.05	2,805.98
Total financial assets		8,85,181.89	6,07,813.49
Non-financial assets			
Current tax assets (net)		2,228.52	1,002.66
Deferred tax assets (net)	34	2,640.19	3,617.78
Property, plant and equipment	11	13,264.05	9,737.78
Capital work-in-progress	12	417.56	-
Intangible assets under development	13	112.40	16.43
Other intangible assets	14	1,035.14	583.66
Other non-financial assets	15	686.02	424.64
Total non-financial assets		20,383.88	15,382.95
Total assets		9,05,565.77	6,23,196.44
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Derivative financial instruments	6	37.69	52.36
Debt securities	16	1,71,495.99	1,47,357.91
Borrowings (other than debt securities)	17	5,32,818.22	3,00,378.15
Subordinated liabilities	18	-	2,036.64
Other financial liabilities	19	15,722.23	12,039.62
Total financial liabilities		7,20,074.13	4,61,864.68
Non-financial liabilities			
Provisions	20	1,056.18	862.67
Other non-financial liabilities	21	1,061.57	825.20
Total non-financial liabilities		2,117.75	1,687.87
EQUITY			
Equity share capital	22	586.39	581.66
Other equity	23	1,82,787.50	1,59,062.23
Total equity		1,83,373.89	1,59,643.89
Total liabilities and equity		9,05,565.77	6,23,196.44
Significant accounting policies	1-3		

The accompanying notes form an integral part of the financial statements.
As per our report of even date attached

For **S.R. BATLIBOI & ASSOCIATES LLP**
Chartered Accountants
Firm Registration No: 101049W/E300004

Amit Kabra
Partner
ICAI Membership No. 094533

Rajendra Kumar Setia
(Managing Director & CEO)
DIN - 00957374

Atul Arora
(Chief Financial Officer)

Place : Jaipur
Date : May 03, 2023

For and on behalf of the Board of Directors of
SK Finance Limited

Yash Setia
(Whole Time Director)
DIN - 09831391

Anagha Bangur
(Company Secretary)
Membership No.: F10697

Place : Jaipur
Date : May 03, 2023

Statement of Profit and Loss

For the year ended March 31, 2023

(₹ in lakhs except otherwise stated)

Particulars	Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue from operation			
Interest income	24	1,19,332.22	77,072.52
Fees and commission income	25	3,947.59	2,473.54
Net gain on fair value changes	26	2,100.11	1,439.34
Net gain/(loss) on de-recognition of financial instruments under amortised cost category	27	4,896.84	452.83
(I) Total revenue from operations		1,30,276.76	81,438.23
(II) Other income	28	1,147.31	630.49
(III) Total income (I+II)		1,31,424.07	82,068.72
Expenses			
Finance costs	29	54,747.99	34,681.51
Impairment on financial instruments	30	9,174.65	1,628.53
Employee benefit expenses	31	28,280.46	20,492.17
Depreciation and amortization	32	2,520.40	1,581.42
Other expenses	33	7,679.75	5,924.77
(IV) Total expenses		1,02,403.25	64,308.40
(V) Profit before tax (III-IV)		29,020.82	17,760.32
(VI) Tax expense			
(1) Current tax	34	5,882.80	3,643.65
(2) Tax related to earlier years		(125.58)	(465.56)
(3) Deferred tax		985.12	294.82
Total tax expense		6,742.34	3,472.91
(VII) Profit for the year (V-VI)		22,278.48	14,287.41
(VIII) Other comprehensive income			
Items that will not be reclassified to profit or loss	34		
- Remeasurements of the defined benefit plans		(29.84)	(96.66)
Income tax relating to items that will not be reclassified to profit or loss		7.51	24.33
Other comprehensive income		(22.33)	(72.33)
(IX) Total comprehensive income for the year (VII+VIII) (comprising profit and other comprehensive income for the year)		22,256.15	14,215.08
(X) Earnings per equity share			
Basic (₹)	35	76.52	50.47
Diluted (₹)		75.15	49.85
Significant accounting policies	1-3		

The accompanying notes form an integral part of the financial statements.
As per our report of even date attached

For **S.R. BATLIBOI & ASSOCIATES LLP**
Chartered Accountants
Firm Registration No: 101049W/E300004

Amit Kabra
Partner
ICAI Membership No. 094533

Place : Jaipur
Date : May 03, 2023

Rajendra Kumar Setia
(Managing Director & CEO)
DIN - 00957374

Atul Arora
(Chief Financial Officer)

Place : Jaipur
Date : May 03, 2023

For and on behalf of the Board of Directors of
SK Finance Limited

Yash Setia
(Whole Time Director)
DIN - 09831391

Anagha Bangur
(Company Secretary)
Membership No.: F10697

Statement of Cash Flow

For the year ended March 31, 2023

(₹ in lakhs except otherwise stated)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Cash flow from operating activities		
Profit before tax	29,020.82	17,760.32
Adjustments for:		
Loss/(gain) on sale of property plant and equipment	21.52	22.38
Finance cost incurred	54,690.71	34,681.51
Interest income	(1,24,229.06)	(77,525.35)
(Gain)/loss on direct assignment transaction	(4,073.06)	575.02
Net gain on investments and derivatives	(1,559.13)	(1,336.33)
Impairment on financial instruments	9,174.65	1,628.53
Employee share based payment expenses	829.89	71.99
Depreciation and amortization	2,520.40	1,581.42
	(33,603.26)	(22,540.51)
Cash inflow from interest on loans	1,11,734.60	72,106.00
Cash outflow towards finance cost	(57,490.61)	(35,197.70)
Cash generated from operation before working capital changes	20,640.73	14,367.79
Working capital changes:		
(Increase)/decrease in trade receivables	(852.02)	224.19
(Increase)/decrease in loans	(2,41,271.97)	(1,37,822.25)
(Increase)/decrease in other financial assets	(1,089.01)	(582.37)
(Increase)/decrease in other non-financial assets	(261.38)	(71.59)
Increase/(decrease) in other financial liabilities	5,079.94	5,459.00
Increase/(decrease) in provisions	163.67	212.30
Increase/(decrease) in other non-financial liabilities	236.37	205.48
	(2,17,353.67)	(1,18,007.45)
Direct taxes paid (net of refunds)	(6,983.10)	(4,807.71)
Net cash used in operating activities (A)	(2,24,336.77)	(1,22,815.15)
Cash flow from investing activities		
Purchase of property plant and equipment, capital work in progress and other intangible assets	(7,057.28)	(6,107.30)
Proceeds from sale of property plant and equipment	24.08	17.53
Investment in fixed deposits	(1,90,764.77)	(49,844.50)
Proceeds from redemption of fixed deposits	1,92,095.80	46,627.06
Purchase of investments	(9,09,307.44)	(3,88,680.92)
Proceeds from redemptions of investments	9,36,438.94	3,37,720.65
Interest received on investments	6,655.42	2,665.52
Net cash used in investing activities (B)	28,084.75	(57,601.96)

(₹ in lakhs except otherwise stated)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Cash flow from financing activities		
Proceeds from issue of shares including securities premium	643.96	48,209.11
Debt securities issued	1,24,600.00	18,500.00
Debt securities repaid	(99,829.04)	(24,252.34)
Borrowings other than debt securities taken	4,32,277.02	1,86,377.50
Borrowings other than debt securities repaid	(2,01,749.73)	(53,249.34)
Payment of lease liability	(1,397.33)	(1,043.45)
Net cash generated from financing activities (C)	2,54,544.89	1,74,541.48
Net increase/(decrease) in cash and cash equivalents (A+B+C)	58,292.86	(5,875.64)
Add : cash and cash equivalents as at the beginning of the year	17,455.85	23,331.49
Cash and cash equivalents as at the end of the year*	75,748.71	17,455.85
*Components of cash and cash equivalents		
Balances with banks	31,458.46	15,676.26
Fixed deposits on hand	43,183.11	800.53
Cash on hand	1,107.14	979.06
	75,748.71	17,455.85

Change in liabilities arising from financing activities

Particulars	As at April 1, 2021	Issued/ taken	Repaid	Non-cash changes	As at March 31, 2022	Issued/ taken	Repaid	Non-cash changes	As at March 31, 2023
Debt securities	1,52,032.09	18,500.00	(24,252.34)	1,078.16	1,47,357.91	1,24,600.00	(99,829.04)	(632.88)	1,71,495.99
Borrowings (other than debt securities)	1,66,373.79	1,86,377.50	(51,836.12)	(537.02)	3,00,378.15	4,32,277.02	(1,99,324.78)	(512.17)	5,32,818.22
Subordinated liabilities	4,029.39	-	(1,413.22)	(579.53)	2,036.64	-	(2,424.95)	388.31	0.00
Total	3,22,435.27	2,04,877.50	(77,501.68)	(38.39)	4,49,772.70	5,56,877.02	(3,01,578.77)	(756.74)	7,04,314.22

The above cash flow statement has been prepared under the 'indirect method' as set out in Ind AS 7 - 'Statement of cash flows'.

Significant accounting policies 1-3

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

For **S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

Firm Registration No: 101049W/E300004

Amit Kabra

Partner

ICAI Membership No. 094533

Rajendra Kumar Setia

(Managing Director & CEO)

DIN - 00957374

Atul Arora

(Chief Financial Officer)

Place : Jaipur

Date : May 03, 2023

Place : Jaipur

Date : May 03, 2023

For and on behalf of the Board of Directors of

SK Finance Limited

Yash Setia

(Whole Time Director)

DIN - 09831391

Anagha Bangur

(Company Secretary)

Membership No.: F10697

Statement of Changes in Equity

For the year ended March 31, 2023

(₹ in lakhs except otherwise stated)

A. Equity share capital

Particulars	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the reporting year	581.66	521.78
Changes in equity share capital during the year	4.73	59.88
Balance at the end of the reporting year	586.39	581.66

Equity share capital

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number	Amount	Number	Amount
Equity shares of ₹ 2 each issued, subscribed and fully paid				
Balance at the beginning of the reporting year	2,81,92,808	563.85	2,51,98,589	503.97
Changes in equity share capital due to prior period errors	-	-	-	-
Restated balance at the beginning of the current/previous year	2,81,92,808	563.85	2,51,98,589	503.97
Changes in equity share capital during the year	2,36,520	4.73	29,94,219	59.88
Balance at the end of the reporting year	2,84,29,328	568.58	2,81,92,808	563.85

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number	Amount	Number	Amount
Equity shares of ₹ 2 each issued, subscribed and Partly paid				
Balance at the beginning of the reporting year	10,17,447	17.81	10,17,447	17.81
Changes in equity share capital due to prior period errors	-	-	-	-
Restated balance at the beginning of the current / previous year	10,17,447	17.81	10,17,447	17.81
Changes in equity share capital during the year	-	-	-	-
Balance at the end of the reporting year	10,17,447	17.81	10,17,447	17.81

B. Other equity

Particulars	Reserves and surplus				Other comprehensive income Remeasurement of post employment benefit obligations	Total
	Statutory reserve	Securities premium account	Share options outstanding account	Retained earnings		
Balance as at April 1, 2021	6,045.56	65,263.25	391.35	24,937.94	(12.17)	96,625.93
Changes in accounting policy or prior period errors	-	-	-	-	-	-
Restated balance as at April 1, 2021	6,045.56	65,263.25	391.35	24,937.94	(12.17)	96,625.93
Profit for the year (net of tax)	-	-	-	14,287.41	-	14,287.41
Other comprehensive income for the year (net of tax)	-	-	-	-	(72.33)	(72.33)
Total Comprehensive income for the year ended March 31, 2022	-	-	-	14,287.41	(72.33)	14,215.08
Transfer/utilizations						
Transfer to statutory reserve	2,857.48	-	-	(2,857.48)	-	-
Securities premium on fresh issue of equity share capital	-	48,627.55	-	-	-	48,627.55
Securities premium on transfer of ESOP Shares to employees	-	71.53	-	-	-	71.53
Share issue expenses	-	(549.85)	-	-	-	(549.85)
Share options exercised during the year	-	31.61	(31.61)	-	-	-
Share based payment expenses	-	-	71.99	-	-	71.99
Balance as at March 31, 2022	8,903.04	1,13,444.09	431.73	36,367.87	(84.50)	1,59,062.23

Particulars	Reserves and surplus				Other comprehensive income Remeasurement of post employment benefit obligations	Total
	Statutory reserve	Securities premium account	Share options outstanding account	Retained earnings		
Changes in accounting policy or prior period errors	-	-	-	-	-	-
Restated balance as at April 1, 2022	8,903.04	1,13,444.09	431.73	36,367.87	(84.50)	1,59,062.23
Profit for the year (net of tax)	-	-	-	22,278.48	-	22,278.48
Other comprehensive income for the year (net of tax)	-	-	-	-	(22.33)	(22.33)
Total Comprehensive income for the year ended March 31, 2023	-	-	-	22,278.48	(22.33)	22,256.15
Transfer/utilizations						
Transfer to statutory reserve	4,455.70	-	-	(4,455.70)	-	-
Securities premium on transfer of ESOP shares to employees	-	639.23	-	-	-	639.23
Share options exercised during the year	-	274.69	(274.69)	-	-	-
Share based payment expenses	-	-	829.89	-	-	829.89
Balance as at March 31, 2023	13,358.74	1,14,358.01	986.93	54,190.65	(106.83)	1,82,787.50

Significant accounting policies 1-3

The accompanying notes form an integral part of the financial statements.
As per our report of even date attached

For **S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

Firm Registration No: 101049W/E300004

Amit Kabra

Partner

ICAI Membership No. 094533

Rajendra Kumar Setia

(Managing Director & CEO)

DIN - 00957374

Atul Arora

(Chief Financial Officer)

For and on behalf of the Board of Directors of

SK Finance Limited

Yash Setia

(Whole Time Director)

DIN - 09831391

Anagha Bangur

(Company Secretary)

Membership No.: F10697

Place : Jaipur

Date : May 03, 2023

Place : Jaipur

Date : May 03, 2023

Notes to the Financial Statements

as at and for the year ended March 31, 2023

Note 1 – Corporate Information

SK Finance Limited (Formerly Known as Ess Kay Fincorp Limited) ("SKFL" or "the Company") is a Public Limited Company incorporated under the provisions of the Companies Act, 1956. The Company is holding a Certificate of Registration ('CoR') and registered as a systemically important non-deposit taking Non-Banking Financial Company ('NBFC') as defined under Section 45-IA of the Reserve Bank of India (RBI) Act, 1934 and is primarily engaged in the business of lending having its registered and corporate office in Jaipur (Rajasthan). The Company is engaged in the business of asset financing, lending to Small and Medium Enterprises and allied activities.

Note 2 – Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

A. Basis of preparation

a) Statement of compliance and basis of preparation of financial statements

The Balance Sheet, the Statement of Profit and Loss and the Statement of Changes in Equity are prepared and presented in the format prescribed in the Division III of Schedule III to the Companies Act, 2013 (the 'Act'). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 'Statement of Cash Flows'. The Balance Sheet, Statement of Profit and Loss, Statement of Cash Flow and Statement of Changes in Equity are together referred as the financial statement of the Company.

The financial statements of the Company are prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 under Section 133 of Act and relevant amendment rules issued thereafter ('Ind AS').

The financial statements are prepared and presented on accrual and going concern basis and the relevant provisions of Act and the guidelines and directives issued by the Reserve Bank of India (RBI) to the extent applicable. Any application guidance/ clarifications/ directions issued by RBI or other regulators are implemented as and when they are issued/ applicable.

Accounting policies are consistently applied except where a newly-issued Ind AS initially adopted or a revision to an existing Ind AS requires a change in the accounting policy.

These financial statements were approved by the Company's Board of Directors and authorized for issue in their meeting held on May 03, 2023.

b) Basis of measurement

These financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities that are measured at fair value (refer to accounting policies) such as Net defined (asset)/ liability present value of defined benefit obligations, investments carried at fair value through profit or loss and share-based payments. The methods used to measured fair value are discussed further in notes to financial statements.

c) Functional and presentation currency

These financial statements are prepared in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded to the nearest lakhs and two decimals thereof, except as stated otherwise.

B. Property, plant and equipment

i. Recognition and measurement

Property, Plant and Equipment (PPE) are stated at cost less accumulated depreciation and any accumulated impairment losses.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated cost of dismantling and removing the item and restoring the site on which it is located.

Income and expenses related to the incidental operations, not necessary to bring the item to the location and condition necessary for it to be capable of operating in the manner intended by management, are recognised in statement of profit and loss.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for and depreciated as separate items (major components) of property, plant and equipment.

Advances paid towards acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-financial assets and cost of assets not ready to use before such date are disclosed under capital work-in-progress

Notes to the Financial Statements

as at and for the year ended March 31, 2023

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company and cost of respective item can be measured reliably.

iii. Depreciation, estimated useful lives and residual value

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. The useful life of the intangible assets are estimated at 3 to 5 years.

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

iv. De-recognition

Intangible assets are de-recognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset is recognised in other income/expense in the statement of profit and loss in the year the asset is de-recognised.

Intangible assets not ready for the intended use on the date of Balance Sheet are disclosed as 'Intangible assets under development'.

D. Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in statement of profit and loss, if any.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. 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.

Notes to the Financial Statements

as at and for the year ended March 31, 2023

E. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

All financial instruments are at amortised cost, unless otherwise specified.

Financial assets

The Company classifies its financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction fees or costs that are directly attributable and incremental to the origination/acquisition of the financial asset unless otherwise specifically mentioned in the accounting policies.

All regular way purchase or sale of financial assets are recognised and derecognised on a trade date basis. Purchase or sale of unquoted instrument is recognised on the closing date or as and when the transaction is completed as per terms mentioned in relevant transaction agreement/document.

Regular way purchase or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Classification

The Company classifies its financial assets as subsequently measured at either amortized cost or fair value based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Business model assessment

The Company assesses the objective of a business model in which an asset is held such that it best reflects the way the business is managed and is consistent with information provided to management. The information considered includes:

- the objectives for the portfolio, in particular, management's strategy of focusing on earning

contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;

- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.
- the risks that affect the performance of the business model, the financial assets held within that business model and how those risks are managed.

Assessment whether contractual cash flows is solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Company considers the contractual cashflows as on the date of financial reporting.

Subsequent measurement and gains and losses:

The Company classifies its financial assets in the following measurement categories:

(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

Notes to the Financial Statements

as at and for the year ended March 31, 2023

solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. EIR is being calculated by considering all costs and incomes attributable to acquisition of a financial asset reported as part of interest income in the statement of profit and loss. The losses if any, arising from impairment are recognised in the statement of profit and loss.

(ii) Fair value through Other Comprehensive Income (FVOCI) – debt investment

A debt investment is measured at FVOCI if it meets both of the following conditions:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial measurement, such financial assets are subsequently measured at fair value. Interest income is recognised using the effective interest (EIR) method. The loss allowance is recognized in other comprehensive income and does not reduce the carrying value of the financial asset. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit and loss.

(iii) Fair value through Other Comprehensive Income (FVOCI) – equity investment

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in Other Comprehensive Income. This election is made on an investment-by-investment basis.

After initial measurement, such financial assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to statement of profit and loss.

(iv) Fair value through profit and loss (FVTPL)

This is a residual category for classification. Any asset which does not meet the criteria for classification as at amortised cost or FVOCI, is classified as FVTPL. Financial assets at FVTPL are measured at fair value, and changes in fair value therein are recognised in the statement of profit and loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by Company are recognised at the proceeds received.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using EIR method except when designated to be measured at FVTPL. Liabilities which are classified at fair value through profit or loss, including derivatives that are liabilities, shall be subsequently measured at fair value. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of profit and loss. Any gain or loss on derecognition is also recognised in statement of profit and loss.

F. Derecognition of financial assets and financial liabilities

Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

The rights to receive cash flows from the asset have expired, or

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under assignment arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or

Notes to the Financial Statements

as at and for the year ended March 31, 2023

(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

Notes to the Financial Statements

as at and for the year ended March 31, 2023

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

Regulatory Stage 3:

Financial assets that had become credit impaired and continued to be classified as non-performing assets in accordance with the RBI circular number RBI/2021-2022/125 dated November 12, 2021. The lifetime Expected Credit Loss for these assets is calculated based on the repayment status of its overdue as of the reporting date.

Notes to the Financial Statements

as at and for the year ended March 31, 2023

Method used to compute lifetime ECL:

The Company calculates ECLs based on a probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the present value of cash flows that the entity expects to receive. The Company applies statistical techniques to estimate lifetime ECL.

Manner in which forward looking assumptions are incorporated in ECL estimates:

The Company considers its historical loss experience and adjusts it for current observable data. In addition, the Company uses reasonable forecasts of future economic conditions including expert judgement to estimate the amount of expected credit losses. The methodology and assumptions including any forecasts of future economic conditions are periodically reviewed and changes, if any, are accounted for prospectively.

I. Write-offs

Financial assets are written off when there is no realistic prospect of recovery. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts. Any subsequent recoveries are credited to impairment on financial instruments in statement of profit and loss. However, financial assets that are written-off may be subject to enforcement activities to comply with the Company's procedures for recovery of amounts due.

J. Measurement of fair values

The Company's accounting policies and disclosures require the measurement of fair values for financial instruments such as investments etc.

The Company has an established control framework with respect to the measurement of fair values. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of a financial asset or a financial liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:-

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

K. Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business.

L. Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date at which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. The resulting gain or loss is recognised in statement of profit and loss.

Derivatives embedded in a host contract that is an asset within the scope of Ind AS 109 are not separated. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Notes to the Financial Statements

as at and for the year ended March 31, 2023

Derivatives embedded in all other host contract are separated only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host and are measured at fair value through profit or loss.

M. Hedge accounting

The Company makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Company applies hedge accounting for transactions that meet specified criteria.

Hedges that meet the criteria for hedge accounting are accounted for, as described below:

Fair value hedges

Fair value hedges the exposure to changes in the fair value of a recognised asset or liability, or an identified portion of such an asset, liability that is attributable to a particular risk and could affect profit or loss.

For designated and qualifying fair value hedges, the cumulative change in the fair value of a hedging derivative is recognised in the statement of profit and loss in net gain/(loss) on fair value changes. Meanwhile, the cumulative change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item in the balance sheet and is also recognised in the statement of profit and loss in net gain/(loss) on fair value changes.

N. Revenue recognition

Interest income

Interest income from financial asset is recognised on accrual basis by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial assets other than credit-impaired assets and financial assets classified as measured at FVTPL.

The EIR is the rate that discounts the estimated future cash flows through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset adjusted for upfront expenses and incomes attributable to the acquisition of the financial asset. The interest income is recognised on EIR method on a time proportion basis applied on the carrying amount for financial assets.

If expectations regarding the cash flows on the financial asset are revised for reasons other than

credit risk, the adjustment is recorded as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. Any subsequent changes in the estimation of the future cash flows are recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

Interest income on credit impaired assets is recognised by applying the effective interest rate to the amortised cost (i.e. carrying value net of loss allowance) of the financial asset.

Income from interest on deposits is recognized on a time proportion basis considering the amount outstanding and the rate applicable.

Delayed payment interest levied on customers for delay in repayments/non-payment of contractual cash flows is recognised on accrual basis.

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

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 AS 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.

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Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Income from other financial charges including cheque bouncing charges, foreclosure charges are collected from loan customers for early payment/closure of loan and are recognised on realisation.

Net gain on fair value changes

The Company designates certain financial assets for subsequent measurement at fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI). The Company recognises gains on fair value change of financial assets measured at FVTPL and realised gains on de-recognition of financial asset measured at FVTPL and FVOCI on net basis in profit or loss.

Income from other support services is accounted on accrual basis.

Net gain/(loss) on de-recognition of financial instruments under amortised cost category

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).

O. Employee benefits

(i) Compensated absences/ leave encashment

The Company accounts for the liability for compensated absences based on an independent actuarial valuation conducted by an independent actuary using the Projected Unit Credit Method as at the Balance Sheet date. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the statement of profit and loss in the period in which they arise.

(ii) Post-employment obligations

The Company operates the following post-employment schemes:

a. Gratuity – Defined Benefit Plan

The Company provides for gratuity to all employees. The benefit is in the form of lump sum payments to vested employees on resignation, retirement or death while in employment or on termination of employment of an 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.

P. Taxes

Income tax

Income tax expense comprises current and deferred tax. It is recognised in statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax

Current tax is measured at the amount expected to be paid in respect of taxable income for the year in accordance with the Income-tax Act, 1961 and the Income Computation and Disclosure Standards (ICDS) prescribed therein. Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates

positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets and current tax liabilities are offset only if the Company has a legally enforceable right to set off the recognised amounts, and it intends to realise the asset and settle the liability on a net basis or simultaneously.

Deferred tax

Deferred tax is recognised using the Balance Sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets, if any, are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised either in other comprehensive income or in other equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Q. Earnings per share

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

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shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the financial year, adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares), if any, that have changed the number of equity shares outstanding, without a corresponding change in resources. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year considered for deriving basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

R. Leases

The Company assesses whether a contract contains a lease, at the inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether (i) the contract involves the use of identified asset; (ii) the Company has substantially all of the economic benefits from the use of the asset through the period of lease and (iii) the Company has right to direct the use of the asset.

Company as a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located, less any lease incentives received.

Certain lease arrangements include the option to extend or terminate the lease before the end of the lease term. The right-of-use assets and lease liabilities include these options when it is reasonably certain that the option will be exercised.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company considers incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprises of fixed payments, including in-substance fixed payments, amounts expected to be payable under a residual value guarantee and the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in statement of profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

Lease liability and the right of use asset have been separately presented in the balance sheet and lease payments have been classified as financing activities.

The Company has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of less than or equal to 12 months with no purchase option and assets with low value leases. The Company recognises the lease payments associated with these leases as

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

S. Provisions, Contingent liabilities and contingent assets

Provisions are recognised when the enterprise has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements

Contingent assets are not recognised in the financial statements. Contingent assets are disclosed in the financial statements where an inflow of economic benefits is probable.

T. Impairment of non-financial assets

The carrying values of assets/cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. If the carrying amount of the assets exceeds the estimated recoverable amount, an impairment is recognised for such excess amount in the Statement of Profit and Loss.

The recoverable amount is the greater of the fair value less costs of disposal and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods which no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets, such reversal is not recognized.

U. Segment reporting

The Managing Director (MD) of the company has been identified as the chief operating decision maker (CODM) as defined by the Ind AS 108, "Operating segments". Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company.

V. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

W. Statement of cash flow

Cash flows are reported using the indirect method, whereby profit / (loss) before exceptional items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

X. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in statement of profit and loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the

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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.

Y. Trade receivable

Trade receivables are amounts due from customers for services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value.

The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

Note -3 Use of estimates and judgements

The preparation of financial statements to be in conformity with the Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as on the date of the financial statements and the reported income and expenses during the reported period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis.

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of loans, receivables, and investment in debt securities. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as on the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

Judgement, estimates and assumptions are required in particular for:

I. Determination of estimated useful lives of property, plant and equipment and Intangible assets

Useful lives of property, plant and equipment are based on the life prescribed in Schedule II of the Act. In cases, where the useful lives are different from that prescribed in Schedule II, they are based on nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support.

II. Measurement of defined benefit obligations

The obligation arising from defined benefit plan is determined on the basis of actuarial valuation. Key actuarial assumptions which form the basis of above valuation includes discount rate, trends in salary escalation, demographics and life expectancy.

III. Recognition of deferred tax

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, depreciation carry-forwards and tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences and depreciation carry-forwards could be utilized.

IV. Recognition and measurement of provisions and contingencies

The recognition and measurement of provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the reporting date. The actual outflow of resources at a future date may therefore, vary from the amount included in other provisions.

V. Fair value of share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them.

For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Company uses a Black-Scholes model.

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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.

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(₹ in lakhs except otherwise stated)

4 Cash and cash equivalents

Particulars	As at	
	March 31, 2023	March 31, 2022
Cash on hand	1,107.14	979.06
Balances with banks		
(i) In current account	31,458.46	15,676.26
(ii) In term deposits with original maturity of 3 months or less *	43,183.11	800.53
Total	75,748.71	17,455.85

* Balances with banks in term deposits with original maturity of 3 months or less held as against debt securities amounts to ₹ 21,547.39 lakhs (March 31, 2022: ₹ nil).

5 Bank balances other than cash and cash equivalents

Particulars	As at	
	March 31, 2023	March 31, 2022
Freehold deposits with banks	16.44	8,695.91
Balances with banks to the extent held as margin money or security against the borrowings *	46,214.32	35,638.63
Total	46,230.76	44,334.54

* Balances with banks held as security against borrowings amounts to ₹ 31,333.82 lakhs (March 31, 2022: ₹ 33,074.90 lakhs), against debt securities amounts to ₹ 11,645.72 lakhs (March 31, 2022: ₹ nil) and as cash collateral for securitisation of receivables amounts to ₹ 3,234.78 lakhs (March 31, 2022: ₹ 2,563.72 lakhs).

6 Derivative financial instruments

Particulars	As at March 31, 2023		As at March 31, 2022	
	Fair value assets	Fair value liability	Fair value assets	Fair value liability
Part I				
Cross currency swaps	2,508.06	-	479.57	-
Embedded options on market linked debentures	-	37.69	-	52.36
Total derivative financial instruments	2,508.06	37.69	479.57	52.36
Part II				
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows				
Fair value hedging for cross currency swap	2,508.06	-	479.57	-
Total derivative financial instruments	2,508.06	-	479.57	-

6.1 Notional amount of derivatives financial instruments cross currency swaps is ₹ 17,642.13 lakhs (as on March 31, 2022 is ₹ 18,558.39 lakhs)

6.2 Refer Note No. 45 on financial risk management for maturity analysis of derivative financial liabilities.

6.3 The Company enters into derivatives for risk management purposes. Derivatives held for risk management purposes include hedges that either meet the hedge accounting requirements or hedges that are economic hedges. The table above shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts. The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

7 Receivables

Particulars	As at	
	March 31, 2023	March 31, 2022
Other receivables		
Receivables considered good - unsecured	1,075.13	223.11
Total	1,075.13	223.11

7.1 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.

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(₹ in lakhs except otherwise stated)

Other receivables ageing schedule

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	More than 3 years	
As at March 31, 2023						
Undisputed trade receivables - considered good	1,066.76	2.24	4.47	1.66	-	1,075.13
Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-
Undisputed trade receivable - credit impaired	-	-	-	-	-	-
Disputed trade receivables - considered good	-	-	-	-	-	-
Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-
Disputed trade receivables - credit impaired	-	-	-	-	-	-
Total	1,066.76	2.24	4.47	1.66	-	1,075.13
As at March 31, 2022						
Undisputed trade receivables - considered good	219.28	1.88	1.95	-	-	223.11
Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-
Undisputed trade receivable - credit impaired	-	-	-	-	-	-
Disputed trade receivables - considered good	-	-	-	-	-	-
Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-
Disputed trade receivables - credit impaired	-	-	-	-	-	-
Total	219.28	1.88	1.95	-	-	223.11

There are no unbilled receivables, hence the same is not disclosed in the ageing schedule.

8 Loans

Particulars	As at	
	March 31, 2023	March 31, 2022
A. Loans - amortised cost		
(a) Term loans	7,05,474.17	4,74,013.75
(b) Others		
- Trade advances	2,816.32	1,636.17
- Retained interest under direct assignments	4,561.12	832.04
Total - Gross (A)	7,12,851.61	4,76,481.96
Less: Impairment loss allowance	(13,812.31)	(12,151.77)
Total - Net (A)	6,99,039.30	4,64,330.19
B. Secured/ Unsecured		
(a) Secured by tangible assets	7,06,310.61	4,72,370.54
(b) Unsecured	6,541.00	4,111.42
Total - Gross (B)	7,12,851.61	4,76,481.96
Less: Impairment loss allowance	(13,812.31)	(12,151.77)
Total - Net (B)	6,99,039.30	4,64,330.19

Notes to the Financial Statements

as at and for the year ended March 31, 2023

(₹ in lakhs except otherwise stated)

Particulars	As at March 31, 2023	As at March 31, 2022
C. (i) Loans in india		
(a) Public sector	-	-
(b) Others	7,12,851.61	4,76,481.96
Total - Gross (C)	7,12,851.61	4,76,481.96
Less: Impairment loss allowance	(13,812.31)	(12,151.77)
Total- Net (C) (i)	6,99,039.30	4,64,330.19
(ii) Loans outside india	-	-
Less: Impairment loss allowance	-	-
Total - Net (C) (ii)	-	-
Total - Net (C) (i+ii)	6,99,039.30	4,64,330.19

8.1 The Company covers/secures the credit risk associated with the loans given to customers by creating an exclusive charge/ hypothecation/ security on the assets/vehicles as mentioned/specified in the loan agreement with the customers.

8.2 The Company has not given any loan or advance to promoter, director, KMP and related party.

8.3 Refer Note No. 45 on financial risk management for credit risk of assets.

8.4 Term loans originated by the Company are hypothecated with borrowings and debts securities on the pari passu basis as security.

9 Investments

Particulars	As at March 31, 2023	As at March 31, 2022
At fair value through profit and loss account		
Outside India	-	-
In India		
Mutual funds units	2,542.89	132.52
Alternative investment funds (AIF) units	444.94	16,273.73
Debts securitites	47,130.92	61,094.30
Security receipt of ARC	2,493.13	683.70
Total	52,611.88	78,184.25

9.1 Some investments are pledged in favour of trustees for the benefit of debenture holders as security

10 Other financial assets

Particulars	As at March 31, 2023	As at March 31, 2022
Other advances recoverable	3,058.88	2,000.03
Interest receivable on direct assignments	4,646.58	573.52
Security deposits	296.97	242.89
Total Gross	8,002.43	2,816.44
Less: impairment loss allowance	(34.38)	(10.46)
Total net of impairment loss allowance	7,968.05	2,805.98

Notes to the Financial Statements

as at and for the year ended March 31, 2023

(₹ in lakhs except otherwise stated)

Particulars	Land	Furniture and fixtures	Vehicles	Office equipment	Computers	Leasehold improvement	Right of use assets	Total
Balance as at April 1, 2021	8.88	1,140.32	469.45	625.75	845.62	1,062.62	3,861.30	8,013.94
Additions	-	405.82	156.06	472.21	677.63	1,150.62	2,783.75	5,646.09
Disposals/adjustments	-	(16.57)	(64.80)	(9.88)	(0.02)	(3.87)	-	(95.14)
Balance as at March 31, 2022	8.88	1,529.57	560.71	1,088.08	1,523.23	2,209.37	6,645.05	13,564.89
Accumulated depreciation as at April 1, 2021	-	241.69	172.78	193.55	363.90	289.34	1,151.13	2,412.39
Depreciation for the year	-	135.54	66.97	155.62	276.25	162.91	672.66	1,469.95
Disposals/adjustments	-	(13.98)	(30.62)	(8.20)	-	(2.43)	-	(55.23)
Accumulated depreciation as at March 31, 2022	-	363.25	209.13	340.97	640.15	449.82	1,823.79	3,827.11
Net carrying amount as at March 31, 2022	8.88	1,166.32	351.58	747.11	883.08	1,759.55	4,821.26	9,737.78
Balance as at April 1, 2022	8.88	1,529.57	560.71	1,088.08	1,523.23	2,209.37	6,645.05	13,564.89
Additions	-	378.19	1,003.39	517.11	547.15	1,018.42	2,886.81	6,351.06
Disposals/adjustments	-	(33.93)	(48.84)	(125.66)	(1.88)	(5.05)	(1,150.12)	(1,365.48)
Balance as at March 31, 2023	8.88	1,873.83	1,515.26	1,479.53	2,068.50	3,222.74	8,381.74	18,550.47
Accumulated depreciation as at April 1, 2022	-	363.25	209.13	340.97	640.15	449.82	1,823.79	3,827.11
Depreciation for the year	-	164.82	129.45	221.33	417.42	335.96	1,003.75	2,272.73
Disposals/adjustments	-	(27.65)	(31.43)	(106.98)	(0.36)	(3.34)	(643.66)	(813.42)
Accumulated depreciation as at March 31, 2023	-	500.42	307.15	455.32	1,057.22	782.44	2,183.88	5,286.43
Net carrying amount as at March 31, 2023	8.88	1,373.41	1,208.11	1,024.21	1,011.28	2,440.30	6,197.86	13,264.05

11 Property, plant and equipment

11.1 The Company has not carried out any revaluation of property, plant and equipment during the year ended March 31, 2023 and March 31, 2022.

11.2 The title deeds of the immovable properties mentioned above are in the name of the Company.

11.3 The Company do not have any benami property, where any proceeding has been initiated or pending against the group for holding any benami property.

11.4 The Company has elected to include ROU assets pertaining to lease of buildings as part of the property, plant and equipment as permitted under paragraph 47 of Ind AS 116.

11.5 Details of immovable properties of land and buildings, whose title deeds have been pledged in favour of trustees for the benefit of debenture holders as security, has been explained in Note No. 16.

Notes to the Financial Statements

as at and for the year ended March 31, 2023

(₹ in lakhs except otherwise stated)

12 Capital work-in-progress (CWIP)

Particulars	As at March 31, 2023	As at March 31, 2022
Capital work-in-progress	417.56	-
Total	417.56	-

a) Capital work-in-progress (CWIP) ageing schedule

Particulars	Less than 1 year	1-2 year	2-3 year	More than 3 year	Total
As at March 31, 2023					
Projects in progress	417.56	-	-	-	417.56
Projects temporarily suspended	-	-	-	-	-
Total	417.56	-	-	-	417.56
As at March 31, 2022					
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-
Total	-	-	-	-	-

b) Capital work-in-progress (CWIP) completion schedule

There is no capital-work-in progress for which completion is overdue or has exceeded its cost compared to its original plan in the Company.

13 Intangible assets under development (IAUD)

Particulars	As at March 31, 2023	As at March 31, 2022
Intangible assets under development	112.40	16.43
Total	112.40	16.43

a) Intangible assets under development (IAUD) ageing schedule

Particulars	Less than 1 year	1-2 year	2-3 year	More than 3 year	Total
As at March 31, 2023					
Projects in progress	112.40	-	-	-	112.40
Projects temporarily suspended	-	-	-	-	-
Total	112.40	-	-	-	112.40
As at March 31, 2022					
Projects in progress	16.43	-	-	-	16.43
Projects temporarily suspended	-	-	-	-	-
Total	16.43	-	-	-	16.43

b) Intangible assets under development (IAUD) completion schedule

There is no intangible assets under development for which completion is overdue or has exceeded its cost compared to its original plan in the Company.

Notes to the Financial Statements

as at and for the year ended March 31, 2023

(₹ in lakhs except otherwise stated)

14 Other intangible assets

Particulars	Computer software	Total
Balance as at April 1, 2021	203.30	203.30
Additions	576.98	576.98
Disposals/adjustments	-	-
Balance as at March 31, 2022	780.28	780.28
Accumulated depreciation as at April 1, 2021	85.15	85.15
Amortization for the year	111.47	111.47
Disposals/adjustments	-	-
Accumulated depreciation as at March 31, 2022	196.62	196.62
Net carrying amount as at March 31, 2022	583.66	583.66
Balance as at April 1, 2022	780.28	780.28
Additions	699.15	699.15
Disposals/adjustments	-	-
Balance as at March 31, 2023	1,479.43	1,479.43
Accumulated depreciation as at April 1, 2022	196.62	196.62
Amortization for the year	247.67	247.67
Disposals/adjustments	-	-
Accumulated depreciation as at March 31, 2023	444.29	444.29
Net carrying amount as at March 31, 2023	1,035.14	1,035.14

14.1 Company has not carried out any revaluation of intangible assets during the year ended March 31, 2023 and March 31, 2022.

15 Other non-financial assets

Particulars	As at March 31, 2023	As at March 31, 2022
Prepaid expenses	180.58	342.22
Balances with statutory / government authorities	39.48	22.40
Advance against salary to staff	400.04	60.02
Capital advances	65.92	-
Total	686.02	424.64

16 Debt securities

Particulars	As at March 31, 2023	As at March 31, 2022
At amortised cost		
Secured		
Non-convertible debentures	1,69,751.25	1,37,267.94
Unsecured		
Non-convertible debentures	1,744.74	5,127.91
Commercial paper	-	4,962.06
Total (A)	1,71,495.99	1,47,357.91
Debt securities in india	1,71,495.99	1,47,357.91
Debt securities outside india	-	-
Total (B)	1,71,495.99	1,47,357.91

Notes to the Financial Statements

as at and for the year ended March 31, 2023

(₹ in lakhs except otherwise stated)

a) Nature of security

Debentures are secured by mortgage of the Company's immovable property situated at Chennai in the state of Tamilnadu and are also secured against fixed deposits, investments and 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 ₹ 13,500.00 lakhs (March 31, 2022 ₹ 16,000.00 lakhs)

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

Maturity schedule	Interest rate range		Carrying amount	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Maturity within 1 year	8.70% - 11.65%	8.56% - 12.25%	45,595.54	34,849.80
Maturity between 1 to 3 years	8.25% - 10.78%	8.35% - 11.25%	1,20,389.87	88,573.70
Maturity between 3 to 5 years	12.00% - 12.05%	11.40% - 12.05%	5,255.20	15,007.07
Total			1,71,240.61	1,38,430.57
Less: Unamortised finance cost			(1,489.36)	(1,162.63)
Total amortised cost			1,69,751.25	1,37,267.94

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

Maturity schedule	Interest rate range		Carrying amount	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Maturity within 1 year	-	12.40% - 12.45%	-	2,000.66
Maturity between 1 to 3 years	9.20% - 9.25%	9.20% - 9.25%	1,751.77	3,151.60
Total			1,751.77	5,152.25
Less: Unamortised finance cost			(7.03)	(24.34)
Total amortised cost			1,744.74	5,127.91

d) Terms of repayment schedule of commercial paper

Maturity schedule	Interest rate range		Carrying amount	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Maturity within 1 year	-	6.45% - 6.50%	-	4,962.28
Total			-	4,962.28
Less: Unamortised finance cost			-	(0.22)
Total amortised cost			-	4,962.06

e) The Company has not defaulted in the repayment of dues to its lenders.

Notes to the Financial Statements

as at and for the year ended March 31, 2023

(₹ in lakhs except otherwise stated)

17 Borrowings (other than debt securities)

Particulars	As at March 31, 2023	As at March 31, 2022
At amortised cost		
Secured		
Term loans		
From banks	3,53,240.00	1,82,409.35
From other parties	53,822.60	36,592.22
External commercial borrowings	19,545.56	18,808.35
Loans repayable on demand		
From banks (cash credit facilities and working capital demand loans)	5,616.18	32,087.81
Other loans		
Associated liabilities in respect of securitization transactions	1,00,593.88	30,480.42
Total (A)	5,32,818.22	3,00,378.15
Borrowings in india	5,13,272.66	2,81,569.80
Borrowings outside india	19,545.56	18,808.35
Total (B)	5,32,818.22	3,00,378.15
Secured borrowings	5,32,818.22	3,00,378.15
Unsecured borrowings	-	-
Total (C)	5,32,818.22	3,00,378.15

a) Nature of security

- Term loans from banks, from other parties and external commercial borrowings are secured by way of hypothecation on book debts and fixed deposits along with personal guarantees of directors. The total amount of personal guarantee given by directors against the term loans amounting to ₹ 1,02,932.24 lakhs (March 31, 2022 ₹ 1,22,199.42 lakhs).
- Cash credit facilities and working capital demand loans from banks are secured by way of hypothecation on book debts, term deposits along with personal guarantees of directors. The total amount of personal guarantee given by directors against the cash credit facilities and working capital demand loans amounting to ₹ 0.91 lakhs (March 31, 2022 ₹ 2,834.72 lakhs).
- Associated liabilities in respect of securitization transactions' represents amount received in respect of securitization transactions 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.

b) Terms of repayment schedule of term loans from banks

Maturity schedule	Interest rate range		Carrying amount	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Maturity within 1 year	8.40% - 11.00%	5.75% - 11.25%	7,930.06	11,326.61
Maturity between 1 to 3 years	7.95% - 11.70%	7.55% - 11.00%	1,27,439.65	99,148.01
Maturity between 3 to 5 years	7.10% - 11.45%	7.10% - 10.45%	2,04,912.56	66,334.77
Maturity greater than 5 years	9.00% - 10.35%	8.50% - 8.90%	15,050.98	7,001.68
Total			3,55,333.25	1,83,811.07
Less: Unamortised finance cost			(2,093.25)	(1,401.72)
Total amortised cost			3,53,240.00	1,82,409.35

Notes to the Financial Statements

as at and for the year ended March 31, 2023

(₹ in lakhs except otherwise stated)

c) Terms of repayment schedule of term loans from other parties

Maturity schedule	Interest rate range		Carrying amount	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Maturity within 1 year	10.25% - 11.25%	5.83% - 11.80%	4,006.89	3,651.94
Maturity between 1 to 3 years	5.15% - 11.75%	5.15% - 11.75%	42,981.70	33,045.22
Maturity between 3 to 5 years	9.50% - 9.60%	-	6,958.28	-
Total			53,946.86	36,697.16
Less: Unamortised finance cost			(124.26)	(104.95)
Total amortised cost			53,822.60	36,592.22

d) Terms of repayment schedule of external commercial borrowings

Maturity schedule	Interest rate range		Carrying amount	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Maturity between 1 to 3 years	10.80% - 10.85%	-	7,517.07	-
Maturity between 3 to 5 years	-	10.80% - 10.85%	-	7,815.92
Maturity over 5 years	10.30% - 10.35%	10.30% - 10.35%	12,370.70	11,420.56
Total			19,887.77	19,236.48
Less: Unamortised finance cost			(342.21)	(428.13)
Total amortised cost			19,545.56	18,808.35

e) Terms of repayment schedule of associated liabilities related to securitization transactions

Maturity schedule	Interest rate range		Carrying amount	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Maturity within 1 year	-	10.50% - 12.24%	-	330.60
Maturity between 1 to 3 years	9.25% - 9.30%	8.50% - 9.30%	478.33	25,248.82
Maturity between 3 to 5 years	8.42% - 11.00%	9.30% - 9.30%	74,627.93	2,749.93
Maturity greater than 5 years	9.00% - 9.75%	9.75% - 9.75%	25,662.36	2,284.44
Total			1,00,768.62	30,613.79
Less: Unamortised finance cost			(174.74)	(133.37)
Total amortised cost			1,00,593.88	30,480.42

f) The Company has not defaulted in the repayment of dues to its lenders.

g) The Company has utilised the borrowings for the purpose for which it was obtained except temporary deployment pending application of proceeds.

18 Subordinated liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
At amortised cost		
Unsecured		
Others (Tier II capital)		
- Redeemable subordinate debt instruments to the extent that do not qualify as equity	-	2,036.64
Total (A)	-	2,036.64
Subordinated debts in india	-	2,036.64
Subordinated debts outside india	-	-
Total (B)	-	2,036.64

Notes to the Financial Statements

as at and for the year ended March 31, 2023

(₹ in lakhs except otherwise stated)

a) 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, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Maturity within 1 year	-	12.70% - 12.75%	-	2,039.82
Total			-	2,039.82
Less: Unamortised finance cost			-	(3.18)
Total amortised cost			-	2,036.64

b) Redeemable subordinate debt instruments to the extent that do not qualify as equity

The Company had issued and allotted NCD @13.50% having face value of ₹ 10,00,000/- each, aggregating up to ₹ 2,00,000,000/- on January 31, 2017, which had redeemed on February 03, 2023. These debentures were privately placed and also formed part of Tier- II capital as per RBI guidelines and the same were being listed on BSE (WDM).

c) The Company has not defaulted in the repayment of dues to its lenders.

19 Other financial liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Lease liability (refer note 40)	6,863.50	5,380.64
Creditors for other expenses	4,176.60	2,967.94
Advances received from customers	1,033.64	656.72
Pending remittance on assignments	3,272.85	1,276.37
Temporary credit balance in bank accounts	-	65.00
Security and other deposits received	375.62	1,692.91
Unclaimed dividend	0.02	0.04
Total	15,722.23	12,039.62

20 Provisions

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits		
Gratuity (refer note 41)	920.42	774.22
Compensated absences (refer note 41)	135.76	88.45
Total	1,056.18	862.67

21 Other non-financial liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Statutory dues payables	1,061.57	825.20
Total	1,061.57	825.20

Notes to the Financial Statements

as at and for the year ended March 31, 2023

(₹ in lakhs except otherwise stated)

22 Equity share capital

Particulars	As at	
	March 31, 2023	March 31, 2022
Authorized		
15,00,00,000 (March 31, 2022: 15,00,00,000) equity shares of ₹ 2 each fully paid up with voting rights	3,000.00	3,000.00
Issued and subscribed		
2,94,46,775 (March 31, 2022: 2,92,10,255) equity shares of ₹ 2 each	588.94	584.21
Paid up (fully paid)		
2,84,29,328 (March 31, 2022: 2,81,92,808) equity shares of ₹ 2 each	568.58	563.85
Paid up (partly paid)		
10,17,447 (March 31, 2022: 10,17,447) equity shares of ₹ 2 each (partly paid up ₹ 1.75 each)	17.81	17.81

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

Particulars	No. of shares	Amount
Equity shares of ₹ 2 each, fully paid-up		
Balance as at April 1, 2021	2,51,98,589	503.97
Add/(less) : Movement during the year	29,94,219	59.88
As at March 31, 2022	2,81,92,808	563.85
Add/(less) : Movement during the year	2,36,520	4.73
As at March 31, 2023	2,84,29,328	568.58
Equity shares of ₹ 2 each, partly paid-up		
Balance as at April 1, 2021	10,17,447	17.81
Add/(less) : Movement during the year	-	-
As at March 31, 2022	10,17,447	17.81
Add/(less) : Movement during the year	-	-
As at March 31, 2023	10,17,447	17.81

b. Rights, preferences and restrictions attached to equity shares

The Company has only one class of outstanding equity shares having a face value of ₹ 2 per share. In respect of every equity share (whether fully paid or partly paid), voting right shall be in the same proportion as the capital paid up on such equity share. During the year the Company has not declared and paid any dividend. In the event of the liquidation of the Company, the holder of the equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to capital paid upon such equity share.

c. Details of shares held by each shareholder holding more than 5% shares in the Company

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number of shares	% Holding	Number of shares	% Holding
Equity shares				
Rajendra Kumar Setia	1,12,57,463	37.96%	1,12,57,463	38.27%
Norwest Venture Partners X – Mauritius	71,28,818	24.31%	71,28,818	24.51%
TPG Growth IV	55,14,119	18.81%	55,14,119	18.96%
Total	2,39,00,400	81.08%	2,39,00,400	81.74%

d. Number of shares reserved for share options

Particulars	As at	
	March 31, 2023	March 31, 2022
Equity shares of ₹ 2 fully paid up		
Number of shares reserved for ESOPs (refer note 42)	7,46,735	3,83,875

Notes to the Financial Statements

as at and for the year ended March 31, 2023

(₹ in lakhs except otherwise stated)

e. Details of shareholding of promoters and promoter groups (Face value ₹ 2 per share)

Promoter name	As at March 31, 2023		As at March 31, 2022		% Changes during the year	% change during the previous year
	Nos.	% Holding	Nos.	% Holding		
Promoter:						
Rajendra Kumar Setia	1,12,57,463	37.96%	1,12,57,463	38.27%	0.00%	0.00%
Rajendra Kumar Setia HUF	62,500	0.21%	62,500	0.21%	0.00%	0.00%
Promoter Group:						
Bhajan Devi Setia	650	0.00%	650	0.00%	0.00%	0.00%
Yash Setia	650	0.00%	650	0.00%	0.00%	0.00%
Raj Kumar Setia	57,556	0.20%	57,556	0.20%	0.00%	Nil
Shalini Setia	650	0.00%	650	0.00%	0.00%	0.85%
Sameer Arora	38,500	0.13%	2,250	0.01%	1611.11%	Nil
Sanjeev Arora	1,500	0.01%	-	0.00%	Nil	Nil
	1,14,19,469	38.51%	1,13,81,719	38.70%		

f. During the year ended March 31, 2023, the Company has allotted 2,36,520 shares to employees in accordance with the Company's employees stock option scheme(s). During the year ended March 31, 2022, the Company has issued 29,80,344 fully paid equity shares of ₹ 2/- each and have also allotted 13,875 shares to employees in accordance with the Company's employees stock option scheme(s).

g. 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.

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

23 Other equity

Particulars	As at March 31, 2023	As at March 31, 2022
Securities premium account	1,14,358.01	1,13,444.09
Share options outstanding account	986.93	431.73
Statutory reserve	13,358.74	8,903.04
Retained earnings- other than remeasurement of post employment benefit obligations	54,190.65	36,367.87
Retained earnings- remeasurement of post employment benefit obligations	(106.83)	(84.50)
Total	1,82,787.50	1,59,062.23

23.1 Nature and purpose of reserve

Securities premium account

Securities premium account is used to record the premium received on issue of shares. It is utilized in accordance with the provisions of the Companies Act, 2013.

Share options outstanding account

In accordance with resolution approved by the shareholders, the Company has reserved shares options, for issuance to the eligible employees through ESOP scheme. The Company has approved stock option scheme on September 11, 2018 as amended from time to time. The administrator (i.e. nomination and remuneration committee ('NRC') of the Company's board of directors) has the power to grant the options in pursuance to the ESOP scheme, each option consist of one equity share.

Such option vest at a definite date, save for specific incidents, prescribed in the schemes as framed/ approved by the Company. Such options are exercisable for a period following vesting at the discretion of the NRC, subject to the conditions prescribed in the ESOP scheme as amended from time to time.

Notes to the Financial Statements

as at and for the year ended March 31, 2023

(₹ in lakhs except otherwise stated)

Statutory reserve

This is a statutory reserve created in accordance with section 45 IC(1) of the RBI act, 1934 which requires the Company to transfer a specified sum (not less than 20% of its profit after tax) to reserve fund based on its net profit as per the statement of profit and loss. As per Section 45 IC(2) of the RBI act, 1934, no appropriation of any sum from this reserve fund shall be made by the NBFC."

Retained earnings- other than remeasurement of post employment benefit obligations

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

Retained earnings- remeasurement of post employment benefit obligations

The Company recognises change on account of remeasurement of the net defined benefit liability / asset as part of retained earnings.

23.2 Other equity movement

Particulars	As at March 31, 2023	As at March 31, 2022
(i) Securities premium account		
Opening balance	1,13,444.09	65,263.25
Addition during the year	913.92	48,730.69
Deduction during the year	-	(549.85)
Closing balance	1,14,358.01	1,13,444.09
(ii) Share options outstanding account		
Opening balance	431.73	391.35
Addition during the year	829.89	71.99
Transfer to securities premium account	(274.69)	(31.61)
Closing balance	986.93	431.73
(iii) Statutory reserve		
Opening balance	8,903.04	6,045.56
Transfer from retained earnings	4,455.70	2,857.48
Closing balance	13,358.74	8,903.04
(iv) Retained earnings- other than remeasurement of post employment benefit obligations		
Opening balance	36,367.87	24,937.94
Net profit for the year	22,278.48	14,287.41
Transfer to statutory reserve	(4,455.70)	(2,857.48)
Closing balance	54,190.65	36,367.87
(v) Retained earnings- remeasurement of post employment benefit obligations		
Opening balance	(84.50)	(12.17)
Other comprehensive income for the year	(22.33)	(72.33)
Closing balance	(106.83)	(84.50)

Notes to the Financial Statements

as at and for the year ended March 31, 2023

(₹ in lakhs except otherwise stated)

24 Interest income

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Financial assets measured at amortised cost		
Interest income on financial assets measured at amortised cost	1,09,554.72	71,387.88
Interest on fixed deposits	3,033.42	2,635.60
Financial assets measured at fair value through profit or loss (FVTPL)		
Income on investment	6,744.08	3,049.04
Total	1,19,332.22	77,072.52

25 Fees and commission income

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Foreclosure and other charges	3,947.59	2,473.54
Total	3,947.59	2,473.54

26 Net gain on fair value changes

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Net gain on financial instruments at fair value through profit or loss		
On trading portfolio		
- Investments	1,559.13	1,336.33
- Derivative contracts	540.98	103.01
Total net gain on fair value changes	2,100.11	1,439.34
Fair value changes:		
-Realized	1,534.40	1,296.08
-Unrealized	565.71	143.26
Total net gain on fair value changes	2,100.11	1,439.34

27 Net gain/(loss) on de-recognition of financial instruments under amortised cost category

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Gain on derecognition of financial instruments	4,896.84	452.83
Total	4,896.84	452.83

28 Other income

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Income from support services	1,078.16	628.17
Miscellaneous income	69.15	2.32
Total	1,147.31	630.49

29 Finance costs

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
At amortised cost		
Interest on debt securities	18,563.97	16,017.98
Interest on other borrowings	35,138.95	17,605.40
Interest on subordinated liabilities	216.36	396.15
Interest on lease liability	592.40	551.75
Other borrowing costs	230.51	69.32
Other interest expenses	5.80	40.91
Total	54,747.99	34,681.51

Notes to the Financial Statements

as at and for the year ended March 31, 2023

(₹ in lakhs except otherwise stated)

30 Impairment on financial instruments

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
At amortised cost		
Loans	3,439.52	(3,212.56)
Bad debts written-off (net of recoveries)	5,735.13	4,841.09
Total	9,174.65	1,628.53

31 Employee benefit expenses

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries and wages	24,451.02	18,413.56
Contribution to provident and other funds	1,709.57	1,300.60
Staff welfare expenses	1,040.88	472.99
Gratuity and compensated absence (refer note 41)	249.10	233.03
Share based payments to employees (refer note 42)	829.89	71.99
Total	28,280.46	20,492.17

32 Depreciation and amortization

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation on property, plant and equipment (refer note 11)	1,268.98	797.29
Depreciation on right of use assets (refer note 11)	1,003.75	672.66
Amortization of intangible assets (refer note 14)	247.67	111.47
Total	2,520.40	1,581.42

33 Other expenses

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Rent, taxes and energy costs	409.71	257.03
Repairs and maintenance	120.30	107.07
Communication costs	661.62	478.02
Printing and stationery	278.25	174.41
Advertisement and publicity expenses	265.56	146.19
Business promotion expenses	225.62	113.59
Director's fees, allowances and expenses	30.30	37.19
Auditor's fees and expenses (refer note 36)	108.38	66.15
Legal and professional charges	1,376.99	1,357.09
Collection expenses	734.78	705.08
Travelling expenses	1,448.63	937.18
Net loss on derecognition of property, plant and equipment	21.52	22.38
Other administrative expenses	1,736.09	1,334.19
Expenses towards corporate social responsibility (refer note 37)	262.00	189.20
Total	7,679.75	5,924.77

Notes to the Financial Statements

as at and for the year ended March 31, 2023

(₹ in lakhs except otherwise stated)

34 Tax expenses

(A) Amounts recognized in statement of profit and loss

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Current tax expense		
Current period	5,882.80	3,643.65
Tax related to earlier years	(125.58)	(465.56)
Total current tax expense (A)	5,757.22	3,178.09
Deferred tax (asset) / liability, net		
Origination and reversal of temporary differences	985.12	294.82
Deferred tax (income) / expense (B)	985.12	294.82
Total tax expense for the year (A)+(B)	6,742.34	3,472.91

(B) Amounts recognized in other comprehensive income

Particulars	For the year ended March 31, 2023			For the year ended March 31, 2022		
	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	(29.84)	7.51	(22.33)	(96.66)	24.33	(72.33)
Total	(29.84)	7.51	(22.33)	(96.66)	24.33	(72.33)

(C) Reconciliation of effective tax rate

Particulars	For the year ended March 31, 2023		For the year ended March 31, 2022	
	Amount	% terms	Amount	% terms
Profit before tax as per statement of profit and loss	29,020.82		17,760.32	
Tax using the company's domestic tax rate (current year 25.168% previous Year 25.168%)	7,303.96	25.17%	4,469.92	25.17%
Add/(less) : Adjustments for taxes				
CSR expenses	65.94	0.23%	47.62	0.27%
Tax related to earlier years	(125.58)	-0.43%	(465.56)	-2.62%
Other permanent differences	(501.98)	-1.73%	(579.07)	-3.26%
Total adjustments	(561.62)	-1.94%	(997.01)	-5.61%
Total tax expense	6,742.34	23.23%	3,472.91	19.55%

34(C.1) 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.

Notes to the Financial Statements

as at and for the year ended March 31, 2023

(₹ in lakhs except otherwise stated)

(D) Movement in deferred tax balances

Particulars	Net balance March 31, 2022	Recognized in profit or loss	Recognized in OCI	Net balance March 31, 2023	Deferred tax asset	Deferred tax liability
Deferred tax asset/(liabilities)						
Expected credit loss (ECL)	3,074.78	75.73	-	3,150.51	3,150.51	-
Unamortized processing fee	178.16	(82.72)	-	95.44	95.44	-
Employee benefits	217.12	41.19	7.51	265.82	265.82	-
Fair valuation impact on investments	(17.61)	3.90	-	(13.71)	-	13.71
Leases	174.35	42.26	-	216.61	216.61	-
Upfront EIS income	(144.34)	(1,025.11)	-	(1,169.45)	-	1,169.45
Depreciation on property, plant and equipment	(9.24)	0.29	-	(8.95)	-	8.95
Other adjustments	144.56	(40.66)	-	103.90	103.90	-
Total	3,617.78	(985.12)	7.51	2,640.17	3,832.28	1,192.11

Particulars	Net balance March 31, 2022	Recognized in profit or loss	Recognized in OCI	Net balance March 31, 2023	Deferred tax asset	Deferred tax liability
Deferred tax asset/(liabilities)						
Expected credit loss (ECL)	3,913.28	(838.50)	-	3,074.78	3,074.78	-
Unamortized processing fee	114.08	64.08	-	178.16	178.16	-
Employee benefits	139.36	53.43	24.33	217.12	217.12	-
Fair valuation impact on investments	(7.49)	(10.12)	-	(17.61)	-	17.61
Leases	132.79	41.56	-	174.35	174.35	-
Upfront EIS income	(289.07)	144.73	-	(144.34)	-	144.34
Depreciation on property, plant and equipment	11.46	(20.70)	-	(9.24)	-	9.24
Other adjustments	(126.14)	270.70	-	144.56	144.56	-
Total	3,888.27	(294.82)	24.33	3,617.78	3,788.97	171.19

34(D.1) 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.

34(D.2) Significant management judgment is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred tax assets is based on estimates of taxable income in which the Company operates and the period over which deferred tax assets will be recovered.

35 Earnings per equity share (EPS)

"Basic EPS is calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year. Partly paid up shares are included as fully paid equivalents according to the fraction paid up.

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.

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as at and for the year ended March 31, 2023

(₹ in lakhs except otherwise stated)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
(i) Profit for the year, attributable to equity shareholders	22,278.48	14,287.41
(ii) Weighted average number of equity shares for basic earnings per share	291.15	283.10
(iii) Effect of dilution	5.30	3.48
(iv) Weighted average number of equity shares for diluted earnings per share	296.45	286.58
Earning per share (basic) (i/ii)	76.52	50.47
Earning per share (diluted) (i/iv)	75.15	49.85
Face value per share	2	2

36 Payment to auditors

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
a) As auditor:		
Audit fees (including reimbursement of expenses)	71.29	47.55
Limited review	27.41	17.10
b) For other services:		
Certification fees	9.68	1.50
Total	108.38	66.15

37 Corporate social responsibility (CSR)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
a. Amount required to be spent by the Company during the year	262.00	189.20
b. Amount spent during the year ended March 31, 2023:		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	221.38	17.11
c. Pursuant to Section 135 (5) and (6) of Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has transferred ₹ 40.62 lakhs (March 31, 2022 ₹ 172.10 lakhs) in a separate bank account as "unspent CSR account", which will be spent over the period of 3 years.		
d. Details of related party transactions in relation to CSR expenditure as per Ind AS 24, related party disclosures (refer note no 39).		
e. The Company has undertaken CSR activities as per schedule VII of the Companies Act, 2013.		

Notes to the Financial Statements

as at and for the year ended March 31, 2023

(₹ in lakhs except otherwise stated)

38 Contingent liabilities and commitments

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
(i) Contingent liabilities:-		
(a) Claims against the company not acknowledged as debt;		
- Indirect tax matter	1,663.99	1,355.50
- Direct tax matter	33.46	33.46
(b) Guarantees:-		
- Corporate guarantees towards securitization transaction	990.99	333.32
- Towards law suits, claims and proceedings, including collection and repossession related matters, which arise in the ordinary course of business"	10.46	9.73
	2,698.90	1,732.01
(ii) Commitments:-		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided	-	-
(b) Other commitments	-	-

- i) Demand raised by the office of commissioner, central excise, Jaipur for the period December 2010 to June 2017 (net of amount paid under protest and provided), for non-payment of service tax on services rendered towards collection of receivables and liquidity facilities in respect of securitization / direct assignments transactions is ₹ 1,457.70 lakhs. Company has filed an appeal against this order with the CESTAT, New Delhi and has deposited an amount equal to 7.5% of the tax demand i.e. ₹ 51.10 lakhs under protest.
- ii) The assistant commissioner, income tax, through an order dated March 31, 2022, has confirmed the demand of income tax of ₹ 33.46 lakhs from the Company and thereby reducing the amount of refund with the same in relation to under reporting of income. The Company has filed the appeal for the same on April 23, 2022 to commissioner of income-tax (appeals).
- iii) The Company's pending litigations comprises of claims against the Company by the customer and proceedings pending with other authorities. The Company 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 do not expect the outcome of these proceedings to have a materially adverse effect on its financial statements.
- iv) Demand raised by the office of commissioner, central goods and service tax, Jaipur for the financial year 2017-18 and 2018-19 (net of amount paid under protest and provided), for non-payment of GST on deemed commission for personal guarantee given by director on various loan taken is ₹ 206.30 lakhs. The order for financial year 2017-18 and 2018-19 was received on August 31, 2022 and the corresponding appeal has been filed with commissioner (appeals) CGST, Jaipur on November 30, 2022.

Notes to the Financial Statements

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(₹ in lakhs except otherwise stated)

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

Particulars

a) Names of the related parties where control exists

The Company has no subsidiary and holding Company.

b) Key management personnel

Rajendra Kumar Setia	Managing Director & CEO
Shalini Setia	Whole-time Director (Upto January 30, 2023)
Yash Setia	Whole-time Director (w.e.f. January 30, 2023)
Atul Arora	Chief Financial Officer
Anagha Bangur	Company Secretary
Amar Lal Daultani	Independent Director
Anand Raghavan	Independent Director
Akshay Tanna	Nominee Director
Debanshi Basu	Nominee Director

c) Relatives of key management personnel and promoter group

Bhajan Devi Setia	Mother of Managing Director & CEO
Shalini Setia	Wife of Managing Director & CEO
Raj Kumar Setia	Brother of Managing Director & CEO
Sameer Arora	Promoter group
Sanjeev Arora	Promoter group
Yash Setia	Son of Managing Director & CEO

d) Entities controlled or jointly controlled by individual having significant influence or their relatives

Infrasoft Technologies Limited - Company
SK Foundation - Trust
Rajendra Kumar Setia HUF

Disclosure has been made only when there have been any transactions with those parties.

B. Key management personnel compensation

The table below describes the compensation to key management personnel under Ind AS 24:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
i) Short-term employee benefits*	524.47	404.18
ii) Post-employment benefits	-	-
iii) Other long-term benefits	-	-
iv) Termination benefits	-	-
v) Share-based payment	-	-

*the above details does not include employee stock option plan cost charged in profit and loss.

39(B.1) As liability for gratuity and compensated absences is provided on actuarial basis, and calculated for the 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.

39(B.2) Gross remuneration comprises salary, medical reimbursement, leave travel concession, allowances and performance bonus but excludes non monetary value of other perquisites computed on the basis of the Income Tax Act and Rules.

Notes to the Financial Statements

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(₹ in lakhs except otherwise stated)

C. Transactions/balances with related parties

Nature of Transaction	Year ended March 31	Directors	Relative of directors	Key management personnel (excluding directors)	Relative of key management personnel (excluding directors)	Entities controlled or jointly controlled by individual having significant influence or their relatives	Total
i) Transactions during the year							
Salary*	2023	415.44	212.49	109.03	-	-	736.96
	2022	307.24	224.95	96.94	-	-	629.13
Sitting fees	2023	30.30	-	-	-	-	30.30
	2022	37.19	-	-	-	-	37.19
Insurance expenses	2023	5.06	-	-	-	-	5.06
	2022	4.68	-	-	-	-	4.68
Commission	2023	-	-	-	-	-	-
	2022	-	-	-	-	1.68	1.68
Rent expenses	2023	34.45	6.96	-	-	-	41.41
	2022	39.43	-	-	-	-	39.43
Software expenses	2023	-	-	-	-	8.42	8.42
	2022	-	-	-	-	6.47	6.47
Legal and professional charges	2023	-	-	-	-	-	-
	2022	3.59	-	-	-	-	3.59
Corporate social responsibility expenditure	2023	-	-	-	-	303.42	303.42
	2022	-	-	-	-	4.10	4.10
Issue of share capital	2023	-	0.77	0.72	-	-	1.49
	2022	2,200.00	-	-	-	-	2,200.00
Donation	2023	-	-	-	-	17.00	17.00
	2022	-	-	-	-	1.65	1.65
Number of ESOP grant (in lakh)	2023	-	-	0.39	-	-	0.39
	2022	-	-	-	-	-	-
ii) Outstanding balances							
Salary payable	2023	-	-	-	-	-	-
	2022	-	47.88	-	-	-	47.88
Equity share capital	2023	222.62	1.98	0.84	-	1.25	226.69
	2022	222.62	1.22	0.12	-	1.25	225.21
Advance salary	2023	-	-	-	-	-	-
	2022	-	3.50	-	-	-	3.50
Legal and professional charges	2023	-	-	-	-	-	-
	2022	-	1.52	-	-	-	1.52

*the above details does not include employee stock option plan cost charged in profit and loss.

39(C.1) As liability for gratuity and compensated absences is provided on actuarial basis, and calculated for the 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.

39(C.2) Gross remuneration comprises salary, medical reimbursement, leave travel concession, allowances and performance bonus but excludes non monetary value of other perquisites computed on the basis of the Income Tax Act and Rules.

Notes to the Financial Statements

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(₹ in lakhs except otherwise stated)

D. Personal guarantees provided by directors

Details of personal guarantees given by the directors for borrowings as at March 31, 2023 and March 31, 2022 is stated under notes no 16 and 17.

E. 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.

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, 2023	As at March 31, 2022
Opening balance	4,821.26	2,710.17
Additions	2,886.81	2,783.75
Depreciation	(1,003.75)	(672.66)
Adjustment/Deletion	(506.46)	-
Closing balance	6,197.86	4,821.26

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

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	5,380.64	3,123.87
Additions	2,848.07	2,748.47
Finance cost accrued during the period	592.40	551.75
Payment of lease liabilities	(1,393.88)	(1,043.45)
Adjustment/Deletion	(563.73)	-
Closing balance	6,863.50	5,380.64
Current	850.03	631.31
Non-current	6,013.47	4,749.33

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

Particulars	As at March 31, 2023	As at March 31, 2022
Within one year	1,475.15	1,171.08
One to three years	2,593.64	2,174.43
Three to five years	2,224.92	1,665.02
More than five years	3,575.88	2,770.83
Closing balance	9,869.59	7,781.36

Notes to the Financial Statements

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(₹ in lakhs except otherwise stated)

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 ₹ 1709.57 lakhs (year ended March 31, 2022 ₹ 1300.6 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, 2023	As at March 31, 2022
Present value of defined benefit obligation (A)	920.42	774.22
Fair value of plan assets (B)	-	-
Net liability recognized in the balance sheet (A-B)	920.42	774.22

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, 2023	As at March 31, 2022
Opening balance	774.22	471.96
Included in profit or loss:		
Current service cost	140.43	183.49
Past service cost	-	-
Interest cost	50.84	30.72
	965.49	686.17
Included in OCI		
Remeasurement loss (gain):		
Actuarial loss (gain) arising from:		
Demographic assumptions	1.10	(3.39)
Financial assumptions	(9.61)	(11.28)
Experience adjustment	38.35	111.34
Return on plan assets excluding interest income	-	-
	29.84	96.67
Other		
Contributions paid by the employer		
Benefits paid	(74.91)	(8.62)
Liabilities settled	-	-
Closing balance	920.42	774.22

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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, 2023	As at March 31, 2022
Discount rate	7.15%	6.90%
Salary increase rate	7.00%	7.00%
Attrition Rate	10% - 46%	9% - 45%
Retirement Age (in years)	60	60
Pre-retirement mortality	IALM (2012-14) Ultimate	IALM (2012-14) Ultimate
Disability	Nil	Nil

Assumptions regarding future mortality have been based on published statistics and mortality tables.

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, 2023		As at March 31, 2022	
	Increase	Decrease	Increase	Decrease
Discount rate (100 bps)	853.83	997.11	712.98	845.54
Future salary growth (100 bps)	986.77	860.84	836.78	718.70
Attrition (100 bps)	915.34	925.28	768.44	780.02

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

Particulars	As at March 31, 2023	As at March 31, 2022
Expected contributions / addl. provision next year	140.43	183.49
Expected total benefit payments		
Year 1	83.93	61.98
Year 2	88.46	69.73
Year 3	89.61	70.80
Year 4	102.93	70.04
Year 5	82.66	73.32
Next 5 years	355.82	288.24

E. Description of risk exposures

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such entity is exposed to various risk as follows:

Salary increases: The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Discount rate: Reduction in discount rate in subsequent valuations can increase the plan's liability.

Mortality & disability: Actual deaths and disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

Withdrawals: Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact plan's liability.

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(₹ in lakhs except otherwise stated)

F. Compensated absences

The Company has created provision for compensated absences on estimate basis for unavailed leave as on March 31, 2023. Amount recognised in the statement of profit and loss for compensated absences is as under:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Compensated absences	135.76	88.45

- G.** The code on social security, 2020 ('code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the code when it comes into effect and will record any related impact in the period the code becomes effective.

42 Share Based Payment

A Share option plans (equity-settled)

The Company had formulated and implemented a policy i.e. Employee Stock Option Plan 2018 approved by the shareholders on September 11, 2018 which was amended and replaced by "Amended and Restated Employee Stock Option Plan 2018" ("Plan") by the shareholders on October 31, 2018. Further, the shareholders of the Company recently amended the scheme on March 11, 2022. The Nomination and Remuneration Committee (NRC) of the Board of Directors of the Company, inter alia, administers and monitors the Plan in accordance with the provisions of Companies Act, 2013 and rules made thereunder. It was further classified in two schemes (i.e. ESOP-I and ESOP-II). Out of options granted, 25% shares will vest at the end of eighteen months from the date of grant, 25% at the end of the thirty months, 25% at the end of the forty-two months and balance 25% at the end of fifty-four months. The fair value of the options will be estimated at the grant date using a Black-Scholes pricing model, taking into account the terms and conditions upon which the ESOP were granted. Such option vest at definite date, save for specific incidents, prescribed in the schemes as framed/ approved by NRC. Such options are exercisable for a period following vesting at the discretion of the NRC, subject to a maximum of 7 years from the date of vesting for ESOP Schemes."

The fair value of the option is determined using a Black-Scholes options pricing model. During the year ended March 31, 2023 ₹ 829.89 lakhs (year ended March 31, 2022 ₹ 71.99 lakhs) has recognized to the Company's statement of profit or loss in respect of equity-settled share-based payments transactions.

B Measurement of fair values

Movement in the options outstanding under the Employees Stock Option Plan for the year ended March 31, 2023

Scheme reference	Grant date	Balance as at April 1, 2022	Granted during the year	Exercised during the year	Lapsed/ cancelled/ adjusted during the year	Balance as at March 31, 2023	Weighted average exercise price
ESOP - I (a)	15-Oct-18	3,46,375	-	(2,20,895)	(820)	1,24,660	249.35
ESOP - II (a)	02-Apr-19	12,500	-	(9,375)	-	3,125	596.29
ESOP - II (c)	05-Nov-20	25,000	-	(6,250)	-	18,750	596.29
ESOP - I (b) and II (d)	05-Aug-22	-	6,25,250	-	(25,050)	6,00,200	1,200.00
		3,83,875	6,25,250	(2,36,520)	(25,870)	7,46,735	

The total options exercisable as at March 31, 2023 is 38,886.

The weighted average remaining contractual life of options as at March 31, 2023 is 4.86 years.

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(₹ in lakhs except otherwise stated)

Movement in the options outstanding under the Employees Stock Option Plan for the year ended March 31, 2022

Scheme reference	Grant date	Balance as at April 1, 2021	Granted during the year	Exercised during the year	Lapsed/ cancelled/ adjusted during the year	Balance as at March 31, 2022	Weighted average exercise price
ESOP - I (a)	15-Oct-18	3,51,250	-	(6,875)	2,000	3,46,375	249.35
ESOP - II (a)	02-Apr-19	12,500	-	-	-	12,500	596.29
ESOP - II (b)	01-Aug-19	14,000	-	(7,000)	(7,000)	-	596.29
ESOP - II (c)	05-Nov-20	25,000	-	-	-	25,000	596.29
		4,02,750	-	(13,875)	(5,000)	3,83,875	

The total options exercisable for the year ended March 31, 2022 is 2,10,944.

The weighted average remaining contractual life of options as at March 31, 2022 is 2.46 years.

C 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 (a)	ESOP - II (a)	ESOP - II (b)	ESOP - II (c)	ESOP - I (b) and II (d)
Grant Date	15-Oct-18	02-Apr-19	01-Aug-19	05-Nov-20	05-Aug-22
Exercise price (₹)	249.35	596.29	596.29	596.29	1,200.00
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	4.50 to 7.50
Annual Dividend yield	Nil	Nil	Nil	Nil	Nil
Expected volatility	0.30	0.30	0.30	0.47	0.46
Risk free rate	7.81% to 7.98%	7.81% to 7.98%	7.81% to 7.98%	3.82% to 5.01%	6.89% to 7.49%
Fair value per share options (₹)	97.35 to 131.86	232.65 to 315.15	232.65 to 315.15	175.71 to 301.46	518.10 to 670.93
Market price (₹)	249.40	596.29	596.29	636.30	1,240.04

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:

Notes to the Financial Statements

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(₹ in lakhs except otherwise stated)

Particulars	As at	
	March 31, 2023	March 31, 2022
Securitisation		
Carrying amount of assets	1,18,213.76	35,946.09
Carrying amount of associated liabilities	1,00,593.88	30,480.42
Fair value of assets (A)	1,21,405.85	37,305.77
Fair value of associates liabilities (B)	1,00,747.88	30,541.86
Net position at fair value (A-B)	20,657.97	6,763.91

43.2 Transfer of financial assets that are derecognised

During the year, the Company has assigned (earlier measured at amortised cost) by way of direct assignment as per the agreed terms of the deals. Since substantial risk and rewards related to these assets were transferred to the buyer, the assets have been de-recognised from the books of accounts. The table below summarises the carrying amount of the derecognised financial assets measured at amortised cost and the gain/(loss) on derecognition during the year:

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
Direct assignment		
Carrying amount of transferred assets measured at amortised cost	52,184.82	5,533.76
Carrying amount of exposures retained by the company at amortised cost	5,218.48	553.38
Gain on sale of the derecognised financial assets	6,211.58	452.83

Since the Company transferred the above financial asset in a transfer that qualified for derecognition in its entirety, therefore the whole of the interest spread (over the expected life of the asset) is recognized on the date of derecognition itself as interest strip receivable and correspondingly recognised as gain on derecognition of financial asset.

43.3 Transferred financial assets that are derecognised in their entirety but where the Company has continuing involvement

The Company has not transferred any assets that are derecognised in their entirety where the Company continues to have continuing involvement.

44 Fair values of financial instruments

A. Categories of financial assets and financial liabilities:

The following table shows the carrying amounts of financial assets and financial liabilities which are classified as fair value through profit and loss (FVTPL), fair value through other comprehensive income (FVTOCI) and amortised cost.

Particulars	As at March 31, 2023				As at March 31, 2022			
	FVTPL	FVTOCI	Amortised cost	Total	FVTPL	FVTOCI	Amortised cost	Total
Financial assets								
Cash and cash equivalents	-	-	75,748.71	75,748.71	-	-	17,455.85	17,455.85
Bank balance other than cash and cash equivalent	-	-	46,230.76	46,230.76	-	-	44,334.54	44,334.54
Derivative financial instrument	2,508.06	-	-	2,508.06	479.57	-	-	479.57
Receivables								
Other receivables	-	-	1,075.13	1,075.13	-	-	223.11	223.11
Loans	-	-	6,99,039.30	6,99,039.30	-	-	4,64,330.19	4,64,330.19
Investments	52,611.88	-	-	52,611.88	78,184.25	-	-	78,184.25
Other financial assets	-	-	7,968.05	7,968.05	-	-	2,805.98	2,805.98
Total	55,119.94	-	8,30,061.95	8,85,181.89	78,663.82	-	5,29,149.67	6,07,813.49

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as at and for the year ended March 31, 2023

(₹ in lakhs except otherwise stated)

Particulars	As at March 31, 2023				As at March 31, 2022			
	FVTPL	FVTOCI	Amortised cost	Total	FVTPL	FVTOCI	Amortised cost	Total
Financial liabilities								
Derivative financial instruments	37.69	-	-	37.69	52.36	-	-	52.36
Debt securities	-	-	1,71,495.99	1,71,495.99	-	-	1,47,357.91	1,47,357.91
Borrowings (other than debt securities)	-	-	5,32,818.22	5,32,818.22	-	-	3,00,378.15	3,00,378.15
Subordinated liabilities	-	-	-	-	-	-	2,036.64	2,036.64
Other financial liabilities	-	-	15,722.23	15,722.23	-	-	12,039.62	12,039.62
Total	37.69	-	7,20,036.44	7,20,074.13	52.36	-	4,61,812.32	4,61,864.68

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, 2023				As at March 31, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Derivative financial instruments	-	2,508.06	-	2,508.06	-	479.57	-	479.57
Investments								
Security receipt of ARC	-	2,493.13	-	2,493.13	-	683.70	-	683.70
Mutual funds units	-	2,542.89	-	2,542.89	-	132.52	-	132.52
Alternative investment funds (AIF) units	-	444.94	-	444.94	-	16,273.73	-	16,273.73
Debts securities	-	47,130.92	-	47,130.92	-	61,094.30	-	61,094.30
Total	-	55,119.94	-	55,119.94	-	78,663.82	-	78,663.82
Financial liabilities								
Derivative financial instruments	-	37.69	-	37.69	-	52.36	-	52.36
Total	-	37.69	-	37.69	-	52.36	-	52.36

Financial instruments measured at amortised cost

Particulars	As at March 31, 2023			As at March 31, 2022		
	Carrying amount	Fair value	Fair value hierarchy	Carrying amount	Fair value	Fair value hierarchy
Financial assets						
Loans	6,99,039.30	7,28,736.10	Level 3	4,64,330.19	4,83,273.29	Level 3
Total	6,99,039.30	7,28,736.10		4,64,330.19	4,83,273.29	
Financial liabilities						
Debt securities	1,71,495.99	1,74,872.16	Level 3	1,47,357.91	1,55,094.97	Level 3
Borrowings (other than debt securities)	-	5,42,557.39	Level 3	3,00,378.15	3,06,181.02	Level 3
Subordinated liabilities	-	-		2,036.64	2,034.40	Level 3
Total	1,71,495.99	7,17,429.55		4,49,772.70	4,63,310.39	

The financial assets and liabilities, such as cash and cash equivalents, bank balances other than cash and cash equivalents, other receivable, other financial assets and liabilities approximate their carrying amounts largely due to the short term maturity of these instruments.

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C. Measurement of fair values

The fair value of financial instruments have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements). The categories used are as follows:

The categories used are as follows:

Level 1 : Level 1 hierarchy includes financial instruments measured using unadjusted quoted prices in active markets that the Company has the ability to access for the identical assets or liabilities. A financial instrument is classified as a Level 1 measurement if it is listed on an exchange. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period.

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. The mutual funds and alternative investment funds are valued at the closing NAV.

Level 3 : If one or more of the significant inputs is not based in observable market data, the instruments is included in Level 3. That is, Level 3 inputs incorporate market participants' assumptions about risk and the risk premium required by market participants in order to bear that risk. The Company develops Level 3 inputs based on the best information available in the circumstances.

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Instrument type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Investments in mutual funds	The investment in mutual funds are valued using the closing NAV.	Not applicable	Not applicable
Investments in alternative investment funds	The investment in alternative investment funds are valued using the closing NAV.	Not applicable	Not applicable
Investments in debt securities	Fair value is based on market-observable data such as secondary market prices for its traded debt and where no data is available, it is estimated using prevailing bond rate on balance sheet date. The Company has liquid debt instruments.	Not applicable	Not applicable
Investments in security receipts	The Investment in security receipts are valued using the closing NAV.	Not applicable	Not applicable
Derivative financial instrument (assets)	Cross currency interest rate swap (CCIRS) held for the purpose of hedging foreign currency denominated External Commercial Borrowings are accounted as a derivative financial instrument. CCIRS is being considered under Level 2 for fair valuation which is performed through discounted cash flow method by deriving future forward rates from published zero coupon yield curve. All future cashflows for both the paying and receiving legs in the swap contract are discounted to present value using these forward rates and accordingly arrived at the valuation for a point of time.	Not applicable	Not applicable
Derivative financial instrument (liabilities)	The fair values have been calculated based on Monte Carlo simulation model by an independent merchant banker.	Not applicable	Not applicable

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(₹ in lakhs except otherwise stated)

Financial instruments not measured at fair value

Instrument type	Valuation technique
Loans	The fair values of loans and receivables are calculated using a portfolio-based approach, grouping loans as far as possible into homogenous groups based on similar characteristics. The fair value is then extrapolated to the portfolio using discounted cash flow models that incorporate interest rate estimates considering all significant characteristics of the loans. This fair value is then reduced by impairment allowance which is already calculated incorporating probability of defaults and loss given defaults to arrive at fair value net of risk.
Debt securities, Borrowings other than debt securities and Subordinated liabilities	The fair values of the Company's debt securities, borrowings other debt securities and subordinated liabilities are calculated based on a discounted cash flow model and for the purpose of disclosures are classified under Level 3.

Transfer between fair value hierarchy levels

There were no significant changes in the classification and no significant movements between the fair value hierarchy classifications of assets and liabilities.

45 Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- A) Credit risk ;
- B) Liquidity risk ; and
- C) Market risk

A. Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management committee. The risk management committee of board exercises supervisory power in connection with the risk management of the Company, developing and monitoring risk management policies, monitoring of the exposures, reviewing adequacy of risk management process, ensuring compliance with the statutory/regulatory framework of the risk management process.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

Management believes that an effective risk management process is the key to sustained operations thereby protecting value for all stakeholders, identifying and mitigating and continuously monitoring risks to business, achieving business objectives, improving governance processes and preparing for unplanned circumstances. Management ensures effective risk management by implementing following steps:

1. Adheres to procedures described in various policies approved by the board from time to time by implementing adequate financial controls.
2. Communicates various policies to the stakeholders through suitable training and communication and periodical review of its relevance in changing business atmosphere.
3. Identifies risks and promotes proactive approach for treating such risks.

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- Allocates adequate and timely resources to mitigate, manage and minimize the risks and their adverse impact on outcomes.
- Strives towards strengthening the risk management system through continuous learning and improvement.
- Complies with all relevant laws and regulations across the areas of operations of the Company.
- 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.
- 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.
- The Company has implemented adequate internal financial controls.
- The Company has a board approved asset liability management policy."

B. 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, 2023	As at March 31, 2022
Loans	7,05,474.17	4,74,013.75
Others	7,377.44	2,468.21
Total	7,12,851.61	4,76,481.96

i. Credit quality analysis

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

Particulars	As at March 31, 2023					As at March 31, 2022			
	Stage 1	Stage 2	Stage 3	Regulatory Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Loans									
Neither past due nor impaired	6,13,407.02	-	-	419.81	6,13,826.83	3,82,089.97	-	-	3,82,089.97
Past due but not impaired									
01-30 days past due	51,302.15	-	-	1,111.87	52,414.02	44,628.24	-	-	44,628.24
31-90 days past due	-	18,810.20	-	6,836.13	25,646.33	-	33,970.52	-	33,970.52
Impaired (more than 90 days)	-	-	13,587.00	-	13,587.00	-	-	13,325.01	13,325.01
Others	6,546.40	610.20	220.84	-	7,377.44	2,046.23	239.24	182.75	2,468.22
	6,71,255.56	19,420.40	13,807.84	8,367.81	7,12,851.61	4,28,764.44	34,209.76	13,507.76	4,76,481.96
Expected credit loss ratio	0.99%	8.76%	32.26%	12.27%	1.94%	1.11%	10.33%	28.58%	2.55%
Impairment loss allowance	(6,630.09)	(1,700.82)	(4,454.45)	(1,026.95)	(13,812.31)	(4,756.35)	(3,534.98)	(3,860.44)	(12,151.77)
Carrying amount	6,64,625.47	17,719.58	9,353.39	7,340.86	6,99,039.30	4,24,008.09	30,674.78	9,647.32	4,64,330.19

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ii. Collaterals held and concentrations of credit risk

Collaterals held

Maximum exposure to credit risk

The maximum exposure to credit risk of loans is their carrying amount. The maximum exposure is before considering the effect of mitigation through collateral.

Narrative description of collateral

Collateral primarily include vehicles purchased by retail loan customers and in case of MSME customer, collateral primarily includes the residential property.

Quantitative information of collateral

The Company monitors its exposure to loan portfolio using the Loan To Value (LTV) ratio, which is calculated as the ratio of the gross amount of the loan to the value of the collateral. The value of the collateral for retail loans except loan against property is derived by writing down the asset cost at origination by 12.50% p.a on reducing balance basis.

ii. Collaterals held and concentrations of credit risk (Continued)

Quantitative information of collateral - secured loans

Collateral coverage	Collateral value of loans	
	As at March 31, 2023	As at March 31, 2022
Less than 50% coverage	37.31	-
51% to 70% coverage	305.07	449.09
71% to 90% coverage	2,971.45	3,801.72
91% to 100% coverage	15,068.29	10,305.47
More than 100% coverage	12,63,982.95	8,24,997.47
Total	12,82,365.07	8,39,553.75

Quantitative information of collateral - credit impaired assets

Collateral coverage	Collateral value of loans		
	As at March 31, 2023		As at March 31, 2022
	Stage 3	Regulatory Stage 3	Stage 3
Less than 50% coverage	35.96	-	-
51% to 70% coverage	293.92	5.47	449.09
71% to 90% coverage	2,422.42	90.96	2,918.36
91% to 100% coverage	2,553.08	286.62	1,936.83
More than 100% coverage	35,138.91	17,469.18	13,751.21
Total	40,444.29	17,852.22	19,055.49

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:

	As at March 31, 2023	As at March 31, 2022
A - Northern state	5,89,849.23	3,96,413.56
B - Western state	1,23,002.38	80,068.40
Total	7,12,851.61	4,76,481.96

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(₹ in lakhs except otherwise stated)

iii. Amounts arising from ECL

a 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 general 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 is 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, the Company uses days past due information, early warning signals (EWS) in terms of unusual events including incidents and frauds, repossession of an asset, etc. and forecast information to assess deterioration in credit quality of a financial asset.

Definition of default

The Company considers a financial asset to be in "default" and therefore stage 3 (credit impaired) for ECL calculations when the borrower becomes 90 days past due on its contractual payments.

Exposure at default

Exposure at default" (EAD) represents the gross carrying amount of the assets subject to impairment.

Estimations and assumptions considered in the ECL model

The Company 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 96 months yearly movement of default rates and future adjustment for macro-economic factor.

Policy for write-off of financial assets

Financial assets are written off either partially or in their entirety when there is no realistic prospect of recovery. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts.

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as at and for the year ended March 31, 2023

(₹ in lakhs except otherwise stated)

b An analysis of changes in gross carrying amount as follows:

	Stage 1	Stage 2	Stage 3	Regulatory stage 3	Total
Loans					
Balance as at April 1, 2021	2,90,813.45	39,557.98	13,866.81	-	3,44,238.24
Transfer to/from stage 1	6,216.77	(5,790.98)	(425.79)	-	-
Transfer to/from stage 2	(18,639.20)	19,013.55	(374.35)	-	-
Transfer to/from stage 3	(5,546.71)	(4,688.33)	10,235.04	-	-
New financial assets originated during the year	3,18,089.45	3,632.61	925.46	-	3,22,647.52
Matured or repaid or derecognized	(1,62,134.69)	(17,463.83)	(8,476.90)	-	(1,88,075.42)
Write-offs	(34.63)	(51.23)	(2,242.51)	-	(2,328.37)
Balance as at March 31, 2022	4,28,764.44	34,209.76	13,507.76	-	4,76,481.96
Transfer to/from stage 1	4,186.92	(3,845.56)	(341.36)	-	-
Transfer to/from stage 2	(10,101.77)	10,149.47	(47.70)	-	-
Transfer to/from stage 3	(6,339.72)	(3,872.40)	10,212.12	-	-
Transfer to/from regulatory stage 3	(4,177.57)	(2,661.33)	(183.96)	7,022.86	-
New financial assets originated during the year	5,53,798.41	5,426.13	1,715.71	1,344.95	5,62,285.19
Matured or repaid or derecognized	(2,94,838.31)	(19,951.30)	(8,285.22)	-	(3,23,074.83)
Write-offs	(36.83)	(34.37)	(2,769.51)	-	(2,840.71)
Balance as at March 31, 2023	6,71,255.57	19,420.40	13,807.84	8,367.81	7,12,851.61

c An analysis of changes in impairment loss allowance as follows:

	Stage 1	Stage 2	Stage 3	Regulatory stage 3	Total
Loans					
Balance as at April 1, 2021	4,617.88	4,302.51	7,328.25	-	16,248.64
Transfer to/from stage 1	251.64	(238.60)	(13.04)	-	-
Transfer to/from stage 2	(1,932.26)	1,980.62	(48.36)	-	-
Transfer to/from stage 3	(1,852.05)	(1,342.53)	3,194.58	-	-
New financial assets originated or impact of changes in credit risk during the year	6,801.93	1,402.46	21.01	-	8,225.40
Matured or repaid or derecognized	(3,130.79)	(2,569.48)	(6,622.00)	-	(12,322.27)
Balance as at March 31, 2022	4,756.35	3,534.98	3,860.44	-	12,151.77
Transfer to/from stage 1	213.74	(193.65)	(20.09)	-	-
Transfer to/from stage 2	(1,408.69)	1,412.10	(3.41)	-	-
Transfer to/from stage 3	(2,448.09)	(1,199.74)	3,647.83	-	-
Transfer to/from regulatory stage 3	(616.57)	(244.43)	(17.74)	878.74	-
New financial assets originated or impact of changes in credit risk during the year	8,611.66	598.04	274.81	148.21	9,632.72
Matured or repaid or derecognized	(2,478.31)	(2,206.48)	(3,287.39)	-	(7,972.18)
Balance as at March 31, 2023	6,630.09	1,700.82	4,454.45	1,026.95	13,812.31

C 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.

Notes to the Financial Statements

as at and for the year ended March 31, 2023

(₹ in lakhs except otherwise stated)

The Company uses debt funds and fixed deposit receipts to manage/ invest its available surplus. The Company has also taken the overdraft facilities on its investments in fixed deposits, and used as a working capital in an ordinary courses of business.

The asset liability management committee (ALCO) of the Company defines its risk management strategy and set the overall policies and procedures. The Liquidity risk management strategies are reviewed by the ALCO to align with changes to the external environments, including regulatory changes, business conditions and market developments.

Maturity profile of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

Particulars	Carrying amount	Total	On demand	0 - 12 months	1-3 years	3-5 years	5+ years
As at March 31, 2023							
Non-derivative financial liabilities							
Debt securities	1,71,495.99	1,71,495.99	-	71,770.22	99,725.77	-	-
Borrowings (other than debt securities)	5,32,818.22	5,32,818.22	5,616.18	2,09,254.82	2,60,143.62	55,355.05	2,448.55
Subordinated liabilities	-	-	-	-	-	-	-
Other financial Liabilities	15,722.23	15,722.23	8,483.09	57.76	606.40	720.56	5,854.42
Derivative financial liabilities							
Market linked derivative	37.69	37.69	-	10.26	27.43	-	-

Particulars	Carrying amount	Total	On demand	0 - 12 months	1-3 years	3-5 years	5+ years
As at March 31, 2022							
Non-derivative financial liabilities							
Debt securities	1,47,357.91	1,47,357.91	-	71,864.39	70,243.52	5,250.00	-
Borrowings (other than debt securities)	3,00,378.15	3,00,378.15	32,087.81	1,07,068.28	1,32,154.07	25,563.20	3,504.79
Subordinated liabilities	2,036.64	2,036.64	-	2,036.64	-	-	-
Other financial Liabilities	12,039.62	12,039.62	6,999.04	56.98	848.56	845.07	3,289.97
Derivative financial liabilities							
Market linked derivative	52.36	52.36	-	12.88	39.48	-	-

D Market risk

i. 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.

Notes to the Financial Statements

as at and for the year ended March 31, 2023

(₹ in lakhs except otherwise stated)

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:

	As at March 31, 2023	As at March 31, 2022
Fixed-rate instruments		
Financial assets	8,85,181.89	6,07,813.49
Financial liabilities	3,23,190.22	2,69,604.06
Variable-rate instruments		
Financial assets	-	-
Financial liabilities	3,96,883.91	1,92,260.62
Total Net	1,65,107.76	1,45,948.81

Fair value sensitivity analysis for fixed-rate instruments

The Company do 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, 2023		As at March 31, 2022	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Variable rate instruments	3,968.84	(3,968.84)	1,922.61	(1,922.61)
Cash Flow Sensitivity	3,968.84	-3,968.84	1,922.61	-1,922.61

ii. Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk for the Company arises majorly on account of foreign currency borrowings. The Company manages this foreign currency risk by entering into cross currency swaps and forward contract. When a derivative is entered into for the purpose of being as hedge, the Company negotiates the terms of those derivatives to match with the terms of the hedge exposure. The Company's policy is to fully hedge its foreign currency borrowings at the time of drawdown and remain so till repayment. The Company holds derivative financial instruments such as cross currency interest rate swap to mitigate risk of changes in exchange rate in foreign currency and floating interest rate. The counterparty for these contracts is generally a bank. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in market place.

The carrying amounts of the Company's foreign currency exposure at the end of the reporting period are as follows:

Particulars	Currency	As at March 31, 2023	As at March 31, 2022
Financial liabilities in ₹	USD	19,545.56	18,808.35

iii. Price risk exposure

The Company's exposure to price risk is not material and it is primarily on account of investment of temporary treasury surplus in the highly liquid debt funds for very short durations. The Company has a board approved policy of investing its surplus funds in highly rated debt mutual funds and other instruments having insignificant price risk, not being equity funds/ risk bearing instruments.

Notes to the Financial Statements

as at and for the year ended March 31, 2023

(₹ in lakhs except otherwise stated)

46 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, 2023			As at March 31, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	75,748.71	-	75,748.71	17,455.85	-	17,455.85
Bank balance other than cash and cash equivalents	42,922.50	3,308.26	46,230.76	41,252.38	3,082.16	44,334.54
Derivative financial instrument	-	2,508.06	2,508.06	-	479.57	479.57
Receivables						
Other receivables	1,075.13	-	1,075.13	223.11	-	223.11
Loans	2,37,517.59	4,61,521.71	6,99,039.30	1,73,276.95	2,91,053.24	4,64,330.19
Investments	43,507.67	9,104.21	52,611.88	75,547.46	2,636.79	78,184.25
Other financial assets	4,197.79	3,770.26	7,968.05	1,603.49	1,202.49	2,805.98
Total financial assets	4,04,969.39	4,80,212.50	8,85,181.89	3,09,359.24	2,98,454.25	6,07,813.49
Non-financial assets						
Current tax assets (net)	-	2,228.52	2,228.52	267.02	735.64	1,002.66
Deferred tax assets (net)	-	2,640.19	2,640.19	-	3,617.78	3,617.78
Property, plant and equipment	-	13,264.05	13,264.05	-	9,737.78	9,737.78
Capital work-in-progress	-	417.56	417.56	-	-	-
Intangible assets under development	-	112.40	112.40	-	16.43	16.43
Other intangible assets	-	1,035.14	1,035.14	-	583.66	583.66
Other non-financial assets	516.40	169.62	686.02	357.32	67.32	424.64
Total non-financial assets	516.40	19,867.48	20,383.88	624.34	14,758.61	15,382.95
Total assets	4,05,485.79	5,00,079.98	9,05,565.77	3,09,983.58	3,13,212.86	6,23,196.44
LIABILITIES						
Financial liabilities						
Derivatives financial instruments	10.26	27.43	37.69	12.88	39.48	52.36
Debt securities*	71,770.21	99,725.78	1,71,495.99	71,864.39	75,493.52	1,47,357.91
Borrowings (other than debt securities)	2,14,871.00	3,17,947.22	5,32,818.22	1,39,156.09	1,61,222.06	3,00,378.15
Subordinated liabilities	-	-	-	2,036.64	-	2,036.64
Other financial liabilities	8,540.84	7,181.39	15,722.23	7,056.02	4,983.60	12,039.62
Sub total	2,95,192.31	4,24,881.82	7,20,074.13	2,20,126.02	2,41,738.66	4,61,864.68
Non-Financial liabilities						
Current tax liabilities (Net)	-	-	-	-	-	-
Provisions	74.91	981.27	1,056.18	20.30	842.37	862.67
Other non-financial liabilities	1,061.57	-	1,061.57	825.20	-	825.20
Sub total	1,136.48	981.27	2,117.75	845.50	842.37	1,687.87
Total Liabilities	2,96,328.79	4,25,863.09	7,22,191.88	2,20,971.52	2,42,581.03	4,63,552.55

* Debt securities includes put options of ₹ 5,250.00 lakhs (March 31, 2022 ₹ 8,600.00 lakhs), which is considered in the current year maturities due to earliest maturity date of embedded options on debt securities irrespective of exercise of put option by the investor.

47 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.

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(₹ in lakhs except otherwise stated)

The Company is subject to the capital adequacy requirements of the Reserve Bank of India (RBI), as per RBI, NBFCs are required to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of its aggregate risk weighted assets. Further, the total of Tier II capital cannot exceed 100% of Tier I capital at any point of time. The capital management process of the Company ensures to maintain the minimum CRAR at all the times.

The primary objectives of the Company's capital management policy are to ensure that the Company complies with capital requirements required by regulator, maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholder value.

Particulars	As at March 31, 2023	As at March 31, 2022
Tier I capital	1,65,006.73	1,53,550.40
Tier II capital	3,753.05	3,246.88
Total Capital funds	1,68,759.78	1,56,797.28
Risk weighted assets	6,46,562.00	5,15,409.13
Tier I Capital ratio	25.52%	29.79%
Total Capital ratio	26.10%	30.42%

48 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.

49 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, 2023	For the year ended March 31, 2022
Fees and commission income	3,947.59	2,473.54
Other income	1,078.16	628.17
Total revenue	5,025.75	3,101.71

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	As at March 31, 2023	As at March 31, 2022
Primary geographical market		
India	5,025.75	3,101.71
Total	5,025.75	3,101.71
Major products/service lines		
Other income	1,078.16	628.17
Fees and commission income	3,947.59	2,473.54
Total	5,025.75	3,101.71
Timing of revenue recognition		
At a point in time	5,025.75	3,101.71
Over a period of time	-	-
Total	5,025.75	3,101.71

Notes to the Financial Statements

as at and for the year ended March 31, 2023

(₹ in lakhs except otherwise stated)

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

Particulars	As at March 31, 2023	As at March 31, 2022
Contracts assets	-	-
Contracts liabilities	-	-
Other receivables	1,075.13	223.11

50 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, 2023	As at March 31, 2022
Principal amount due to suppliers under MSMED Act, as at the year end	102.10	-
Interest accrued and due to suppliers under MSMED Act, on the above amount as at the year end	-	-
Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-
Interest paid to suppliers under MSMED Act (other than Section 16)	-	-
Interest paid to suppliers under MSMED Act (Section 16)	-	-
Interest due and payable to suppliers under MSMED Act, for payments already made	-	-
Interest accrued and remaining unpaid at the year end to suppliers under MSMED Act	-	-

51 Analytical Ratios

Particulars	As at March 31, 2023	As at March 31, 2022	% Variance	Reason for Variance (if above 25%)
Capital to risk weighted assets ratio(CRAR) Numerator : Tier I capital+Tier II capital Denominator: Total risk weighted assets	26.10%	30.42%	-14.20%	Not applicable
Tier I CRAR Numerator : Tier I capital Denominator: Total risk weighted assets	25.52%	29.79%	-14.34%	Not applicable
Tier II CRAR Numerator : Tier II capital Denominator: Total risk weighted assets	0.58%	0.63%	-7.86%	Not applicable
Liquidity Coverage Ratio Numerator : High quality liquid assets amount (HQLA) Denominator: Total net cash flow amount	94.85%	223.39%	-57.54%	Majorly due to increase in borrowings outflow

RBI disclosures from Notes 52 to 91 have been prepared as per RBI Circulars / Master Direction / Scale Based Regulation etc. basis Ind-AS financial statements

52 Capital adequacy ratio as per clause 3.1 of annexure XVI of Master Direction - Non-Banking Financial Company - Systemically Important Non-deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 ("Master Direction")

Particulars	As at March 31, 2023	As at March 31, 2022
CRAR (%)	26.10%	30.42%
CRAR-Tier- I capital (%)	25.52%	29.79%
CRAR-Tier- II capital (%)	0.58%	0.63%
Amount of subordinated debt raised as Tier-II capital (₹ in lakhs)	-	2,036.64
Amount raised by issue of perpetual debt instruments (₹ in lakhs)	-	-

Notes to the Financial Statements

as at and for the year ended March 31, 2023

(₹ in lakhs except otherwise stated)

53 Investments

Particulars	As at March 31, 2023	As at March 31, 2022
(1) Value of investments		
(i) Gross value of investments		
(a) In India	52,611.88	78,184.25
(b) Outside India	-	-
(ii) Provision for depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net value of investments		
(a) In India	52,611.88	78,184.25
(b) Outside India	-	-
(2) Movement of provisions held towards depreciation on investments		
(i) Opening balances	-	-
(ii) Add: provision made during the year	-	-
(iii) Less : Write-off / write-back of excess provisions during the year	-	-
(iv) Closing balance	-	-

54 Derivatives

The Company has market linked derivatives contracts as at March 31, 2023 amounting to ₹ 37.69 lakh (as at March 31, 2022 amounting to ₹ 52.36 lakh).

a) Forward Rate Agreement / Interest Rate Swap

S No	Particulars	As at March 31, 2023	As at March 31, 2022
i)	The notional principal of swap agreements	17,642.13	18,558.39
ii)	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	-	-
iii)	Collateral required by the applicable NBFC upon entering into swaps	-	-
iv)	Concentration of credit risk arising from the swaps*	-	-
v)	The fair value of the swap book	2,508.06	479.57

*Counter - party for all swaps entered into by the Company are scheduled commercial banks.

The Company has hedged its foreign currency borrowings through cross currency swaps.

b) Exchange traded interest rate (IR) derivatives

The Company has not traded into any exchange traded interest rate derivative during the current and previous year.

c) Disclosures on Risk Exposure in Derivatives

Qualitative Disclosures

i) The Company undertakes the derivatives transaction to prudently hedge the risk in context of a particular borrowing or to diversify sources of borrowing and to maintain fixed and floating borrowing mix. The Company do not indulge into any derivative trading transactions. The Company reviews, the proposed transaction and outline any considerations associated with the transaction, including identification of the benefits and potential risks (worst case scenarios); an independent analysis of potential savings from the proposed transaction. The Company evaluates all the risks inherent in the transaction viz., counter party risk, Market Risk, Operational Risk, basis risk etc.

ii) Credit risk is controlled by restricting the counterparties that the Company deals with, to those who either have banking relationship with the Company or are internationally renowned or can provide sufficient information. Market/Price risk arising from the fluctuations of interest rates and foreign exchange rates or from other factors shall be closely monitored and controlled. Normally transaction entered for hedging, will run over

Notes to the Financial Statements

as at and for the year ended March 31, 2023

(₹ in lakhs except otherwise stated)

the life of the underlying instrument, irrespective of profit or loss. Liquidity risk is controlled by restricting counterparties to those who have adequate facility, sufficient information, and sizable trading capacity and capability to enter into transactions in any markets around the world.

iii) The respective functions of trading, confirmation and settlement should be performed by different personnel. The front office and back-office role is well defined and segregated. All the derivatives transactions are quarterly monitored and reviewed. All the derivative transactions have to be reported to the board of directors on every quarterly board meetings including their financial positions.

iv) Refer note 2 for detailed accounting policies on derivatives and hedge accounting.

Quantitative Disclosures

S No	Particulars	As at March 31, 2023		As at March 31, 2022	
		Currency Derivatives*	Interest Rate Derivatives	Currency Derivatives*	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount) For hedging	17,642.13	-	18,558.39	-
(ii)	Marked to Market Positions				
	a) Asset (+)	2,508.06	-	479.57	-
	b) Liability (-)	-	-	-	-
(iii)	Credit Exposure	-	-	-	-
(iv)	Unhedged Exposures	-	-	-	-

* Cross currency swap

55 Disclosure pursuant to RBI notification - RBI/DOR/2021-22/85 DOR.STR.REC.53/21.04.177/2021-22 dated September 24, 2021: Details of securitisation transactions

S No	Particulars	As at March 31, 2023	As at March 31, 2022
1	No of SPVs (i.e. special purpose vehicle) sponsored by the NBFC for securitization transactions	13	8
2	Total amount of securitized assets as per books of the SPVs sponsored by the NBFC	1,21,411.19	34,818.06
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	990.99	333.32
	b) On-balance sheet exposures		
	First loss	4,762.63	2,674.66
	(Cash collateral term deposits with banks)		
	Others*	21,639.63	7,863.13
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	-	-

Notes to the Financial Statements

as at and for the year ended March 31, 2023

(₹ in lakhs except otherwise stated)

S No	Particulars	As at March 31, 2023	As at March 31, 2022
	ii) Exposure to third party securitizations		
	First loss	-	-
	Others	-	-
5	Sale consideration received for the securitised assets and gain/loss on sale on account of securitisation	1,78,051.01	62,677.25
6	Form and quantum (outstanding value) of services provided by way of, liquidity support, post-securitisation asset servicing, etc.	-	-
7	Performance of facility provided		
	Credit enhancement facility		
	- Fixed deposit		
	(a) Amount paid	-	-
	(b) Repayment received	-	-
	(c) Outstanding amount	4,762.63	2,674.66
	- Corporate guarantee		
	(a) Amount paid	-	-
	(b) Repayment received	-	-
	(c) Outstanding amount	990.99	333.32
8	Average default rate of portfolios observed in the past	3.09%	3.36%
9	Amount and number of additional/top up loan given on same underlying asset	-	-
10	Investor complaints		
	(a) Directly/Indirectly received and;	NIL	NIL
	(b) Complaints outstanding	NIL	NIL

* MRR including securitization investments.

56 Disclosure pursuant to RBI notification - RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 dated September 24, 2021

a) Details of loans (not in default) transferred through assignment

S No	Particulars	As at March 31, 2023	As at March 31, 2022
(i)	Amount of loan accounts assigned (₹ in lakh)	52,184.82	5,533.76
(ii)	Retention of beneficial economic interest (MRR)	10%	10%
(iii)	Weighted average maturity (Residual Maturity)	35 Months	26 Months
(iv)	Weighted average holding period	15 Months	10 Months
(v)	Coverage of tangible security coverage	100%	100%
(vi)	Rating-wise distribution of rated loans	Unrated	Unrated

b) Details of loans (not in default) acquired through assignment

S No	Particulars	As at March 31, 2023	As at March 31, 2022
(i)	Amount of loan accounts assigned (₹ in lakh)	676.66	325.71
(ii)	Retention of beneficial economic interest (MRR)	10%	10%
(iii)	Weighted average maturity (Residual Maturity)	24 Months	15 Months
(iv)	Weighted average holding period	24 Months	18 Months
(v)	Coverage of tangible security coverage	100%	100%
(vi)	Rating-wise distribution of rated loans	Unrated	Unrated

Notes to the Financial Statements

as at and for the year ended March 31, 2023

(₹ in lakhs except otherwise stated)

c) Details of stressed loans transferred

S No	Particulars	As at March 31, 2023 To asset reconstruction companies (ARC)		As at March 31, 2022 To asset reconstruction companies (ARC)	
		NPA*	SMA	NPA*	SMA
(i)	No. of accounts	4,185.00	-	4,289.00	-
(ii)	Aggregate principal outstanding of loans transferred	8,572.28	-	7,259.66	-
(iii)	Weighted average residual tenor of the loans transferred	less than 3 year	-	less than 1 year	-
(iv)	Net book value of loans transferred (at the time of transfer)	6,734.72	-	2,078.70	-
(v)	Aggregate consideration	6,000.00	-	2,500.00	-
(vi)	Additional consideration realized in respect of accounts transferred in earlier years	-	-	-	-

*Including written off loans for the year ended March 31, 2023 amounting to ₹ 1,012 lakhs (for the year ended March 31, 2022 amounting to ₹ 4,343 lakhs)

The Company has not reversed any amount of provision in profit and loss account on account of sale of stressed loans.

d) Details of stressed loans acquired

The Company has not acquired any stressed loan during the financial year ended March 31, 2023 and March 31, 2022.

57 Asset liability management

Maturity pattern of certain items of assets and liabilities as per RBI guidelines.

As at March 31, 2023

Particulars	Liabilities			Assets		
	Foreign currency liability	Borrowings from banks	Market borrowings	Advances	Deposits*	Investments
1 to 7 days	-	1,686.30	724.88	23,032.59	17,630.48	2,284.88
8 to 14 days	-	2,667.07	966.32	291.42	8,584.93	625.98
15 to 30/31 days	-	15,679.64	5,323.63	961.67	21,529.69	9,649.18
Over one month to 2 months	-	9,648.89	7,127.22	16,840.70	10,046.86	21,388.23
Over 2 months upto 3 months	1,158.57	29,925.78	4,346.70	26,637.92	7,645.97	3,096.02
Over 3 months to 6 months	-	32,763.83	23,566.98	57,228.65	19,941.32	2,650.96
Over 6 months to 1 year	1,477.75	89,823.16	59,754.50	1,15,327.54	726.37	3,812.42
Over 1 year to 3 years	9,971.29	2,16,760.31	1,33,137.79	3,35,592.42	2,553.18	3,665.25
Over 3 years to 5 years	4,491.00	50,595.96	268.09	1,16,829.78	755.08	472.77
Over 5 years	2,446.95	1.60	0.00	20,108.93	-	4,966.19
Total	19,545.56	4,49,552.54	2,35,216.11	7,12,851.61	89,413.87	52,611.88

Notes to the Financial Statements

as at and for the year ended March 31, 2023

(₹ in lakhs except otherwise stated)

As at March 31, 2022

Particulars	Liabilities			Assets		
	Foreign currency liability	Borrowings from banks	Market borrowings	Advances	Deposits*	Investments
1 to 7 days	-	1,492.42	991.28	13,099.75	3,466.93	-
8 to 14 days	-	1,833.75	5,806.26	127.89	5.22	10,541.77
15 to 30/31 days	-	7,105.60	1,913.49	7,637.86	116.13	23,197.30
Over one month to 2 months	-	12,605.97	5,071.97	12,620.26	23,249.04	17,692.41
Over 2 months upto 3 months	677.98	10,891.40	2,922.71	15,313.32	2,544.71	23.47
Over 3 months to 6 months	-	15,768.89	14,935.66	44,259.81	10,720.55	-
Over 6 months to 1 year	916.37	69,638.85	60,484.52	83,303.78	1,950.33	24,092.52
Over 1 year to 3 years	6,472.37	1,17,714.45	78,210.76	2,25,137.30	2,845.28	2,636.79
Over 3 years to 5 years	7,236.83	18,326.37	5,250.00	62,289.10	236.88	-
Over 5 years	3,504.80	-	-	12,692.89	-	-
Total	18,808.35	2,55,377.70	1,75,586.65	4,76,481.96	45,135.07	78,184.25

* Deposit is in the form of fixed deposits with banks. The Company has no foreign currency assets.

58 Disclosure on Restructured Accounts

The Company has not restructured any non-performing financial assets during the financial year ended March 31, 2023 and March 31, 2022.

59 Exposure to real estate sector

S No	Particulars	As at March 31, 2023	As at March 31, 2022
(i)	Direct exposure		
a)	Residential mortgages-		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented. Exposure would also include non-fund based (NFB) limits.	-	-
b)	Commercial real estate-		
	Lending secured by mortgages on commercial real estate (office buildings, retail space, multipurpose commercial premises, multifamily residential buildings, multi tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits.	-	-
c)	Investments in mortgage-backed Securities (MBS) and other securitized exposures-		
i.	Residential	-	-
ii.	Commercial real estate	-	-
(ii)	Indirect exposure		
	Fund based and non-fund-based exposures on national housing bank and housing finance companies.	1,153.57	3,746.89
Total Exposure to real estate sector		1,153.57	3,746.89

The above information is provided as per MIS/reports generated available for internal reporting purpose which include certain estimates and assumption. The same has been relied upon by auditors.

Notes to the Financial Statements

as at and for the year ended March 31, 2023

(₹ in lakhs except otherwise stated)

60 Exposure to capital market

S No	Particulars	As at March 31, 2023	As at March 31, 2022
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt	-	-
(ii)	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds	-	-
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	-	-
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances	-	-
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	-	-
(vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	-
(vii)	Bridge loans to companies against expected equity flows / issues	-	-
(viii)	Underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	-	-
(ix)	Financing to stockbrokers for margin trading	-	-
(x)	All exposures to Alternative Investment Funds:		
	a) Category I	-	-
	b) Category II	444.94	16,273.73
	c) Category III	-	-
	Total Exposure to real estate sector	444.94	16,273.73

The above information is provided as per MIS/reports generated available for internal reporting purpose which include certain estimates and assumption. The same has been relied upon by auditors.

61 Sectoral exposure

S No	Sectors	As at March 31, 2023			As at March 31, 2022		
		Total exposure*	Gross NPAs	% of Gross NPAs to total exposure in that sector	Total exposure*	Gross NPAs	% of Gross NPAs to total exposure in that sector
1	Agriculture and Allied Activities	-	-	-	-	-	-
2	Industry	-	-	-	-	-	-
3	Services	-	-	-	-	-	-
4	Personal Loans	1,13,721.49	2,587.59	2.28%	57,840.56	728.61	1.26%
5	Others						
	Auto loans	5,99,130.12	19,588.05	3.27%	4,18,641.40	12,779.14	3.05%

The above information is provided as per MIS/reports generated available for internal reporting purpose which include certain estimates and assumption. The same has been relied upon by auditors.

62 Intra-group exposures

The Company does not have any intra-group exposures for the year ended March 31, 2023 and March 31, 2022.

Notes to the Financial Statements

as at and for the year ended March 31, 2023

(₹ in lakhs except otherwise stated)

63 Unhedged foreign currency exposure

The Company has nil unhedged foreign currency exposure as at March 31, 2023 and March 31, 2022. Refer note 45 for policies to manage induce currency risk.

64 Related Party Transactions

Refer note 39 of financial statement for related party disclosures.

The Company does not have entered into any transactions related to borrowings, deposits, placement of deposits, advances & investment during the year with director's, KMP & their relative's. Hence there is no outstanding balance during the year.

65 Disclosure of complaints

a. Summary information on complaints received by the NBFCs from customers and from the offices of ombudsman

S. No	Particulars	As at March 31, 2023	As at March 31, 2022
	Complaints received by the NBFC from its customers		
1	No. of complaints pending at the beginning of the year	3	-
2	No. of complaints received during the year	2,116	115
3	No. of complaints disposed during the year	1,996	112
3.1	Of which, No. of complaints rejected by the NBFC*	228	-
4	No. of complaints pending at the end of the year**	123	3
	Maintainable complaints received by the NBFC from office of ombudsman		
5	No. of maintainable complaints received by the NBFC from office of ombudsman	66	17
5.1	Of 5, No. of complaints resolved in favour of the NBFC by office of ombudsman	66	17
5.2	Of 5, No. of complaints resolved through conciliation/mediation/advisories issued by office of ombudsman	-	-
5.3	Of 5, No. of complaints resolved after passing of awards by office of ombudsman against the NBFC	-	-
6	Number of awards unimplemented within the stipulated time (other than those appealed)	-	-

* Represents number of complaints submitted by internal ombudsman to RBI vide circular no. RBI/2021-2022/126 dated November 15, 2021.

** These complaints were resolved subsequently.

Notes to the Financial Statements

as at and for the year ended March 31, 2023

(₹ in lakhs except otherwise stated)

b. Top five grounds of complaints received by the NBFCs from customers

Grounds of complaints, (i.e. complaints relating to)	No. of complaints pending at the beginning of the year	No. of complaints received during the year	% change in the no. of complaints received over the previous year	No. of complaints pending at the end of the year	Out of 5, no. of complaints pending beyond 30 days
1	2	3	4	5	6
As at March 31, 2023					
Loans & Advances related	1	464	2342.11%	29	-
CIC Updation related	-	261	8600.00%	6	-
Mismatch in details related	-	259	1423.53%	19	-
Foreclosure related	1	253	1305.56%	16	-
Customer documents related	-	189	1250.00%	11	-
Others	1	690	1468.18%	42	-
Total	3	2,116	1740.00%	123	-
As at March 31, 2022					
Loans & Advances related	-	19	-87.82%	1	-
CIC Updation related	-	3	-90.00%	-	-
Mismatch in details related	-	17	-52.78%	-	-
Foreclosure related	-	18	-5.26%	1	-
Customer documents related	-	14	-53.33%	-	-
Others	-	44	-58.49%	1	-
Total	-	115	-69.50%	3	-

The above information is provided as per MIS/reports generated available for internal reporting purpose which include certain estimates and assumption. The same has been relied upon by auditors.

66 Breach of covenant

The Company has no instances of breach of covenant in respect of loans availed and debt securities issued as at March 31, 2023 and March 31, 2022.

67 Divergence in asset classification and provisioning

RBI vide its circular RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23 dated April 19, 2022, has directed NBFCs shall make suitable disclosures, if either or both of the following conditions are satisfied:-

- the additional provisioning requirements assessed by RBI (or National Housing Bank(NHB) in the case of Housing Finance Companies) exceeds 5 percent of the reported profits before tax and impairment loss on financial instruments for the reference period, or
- the additional Gross NPAs identified by RBI/NHB exceeds 5 per cent of the reported Gross NPAs for the reference period.

There has been no material divergence observed by the RBI for the financial year 2021-22 (as per assessment by the RBI during financial year 2022-23) in respect of the NBFC's asset classification and provisioning under the extant prudential norms on income recognition asset classification and provisioning (IRACP) which require such disclosures. The NBFC has not been subjected to any assessment by the RBI during the financial year 2021-22 in respect of financial year 2020-21.

68 Disclosure on modified opinion

The auditor have expressed an unmodified opinion for the year ended March 31, 2023 and March 31, 2022.

69 Income and expenditure of exceptional nature

The Company has not booked any income or expenditure of exceptional nature during the year ended March 31, 2023 and March 31, 2022.

Notes to the Financial Statements

as at and for the year ended March 31, 2023

(₹ in lakhs except otherwise stated)

70 Details of financing of parent company products

These details are not applicable since the Company is not a subsidiary of any Company.

71 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, 2023 and March 31, 2022.

72 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, 2023 and March 31, 2022.

73 Registration obtained from other financial sector regulators

The Company is not registered under any other regulator other than Reserve Bank of India.

74 Details of penalties imposed by RBI and other regulators

No penalty was levied during the year ended March 31, 2023 and March 31, 2022.

75 Details of ratings assigned by credit rating agencies and migration of ratings during the year

Products	Rating assigned*	Previous rating assigned
(i) Non-convertible debentures	CARE A+/Positive	CARE A+
	CRISIL A+/Stable	CRISIL A+
	ICRA A+/Positive	ICRA A+
(ii) Market Linked debentures	CARE PP-MLD A+/Positive	CARE PP-MLD A+/Stable
	CRISIL PP-MLD A+/Stable	CRISIL PP-MLD A+/Stable
	ICRA PP MLD A+/Positive	ICRA PP MLD A+/Stable
	Acuite Rating and Research Ltd AA-/Stable	-
(iii) Structured non-convertible debentures	Withdrawn	ICRA A+(CE)/Stable
(iv) Subordinated bonds	CARE A+/Positive	CARE A+
(v) Loan facility	CARE A+/Positive	CARE A+
	CRISIL A+/Stable	CRISIL A+
	Withdrawn	ICRA A+
	India Rating and Research Pvt Ltd A+/Stable	India Rating and Research Pvt Ltd A+
	Acuite Rating and Research Ltd AA-/Stable	Acuite Rating and Research Ltd AA-
(vi) Commercial paper	India Rating and Research Pvt Ltd A1+	India Rating and Research Pvt Ltd A1+
	Acuite Rating and Research Ltd A1+	Acuite Rating and Research Ltd A1+

* Month of rating assigned relates to rating valid on March 31, 2023 and March 31, 2022.

76 Remuneration of non-executive directors

Name of Director	Nature of payment	As at March 31, 2023	As at March 31, 2022
1 Mr. Amar Lal Daultani	Sitting fees	15,36,900	18,59,540
2 Mr. Anand Raghavan	Sitting fees	14,93,300	18,59,540

Notes to the Financial Statements

as at and for the year ended March 31, 2023

(₹ in lakhs except otherwise stated)

77 Provisions and contingencies

Break up of 'Provisions and Contingencies' shown under the head expenditure in Statement of Profit and Loss	As at March 31, 2023	As at March 31, 2022
Provisions for depreciation on investment	-	-
Provision towards NPA	3,311.99	(2,629.87)
Provision made towards Income tax / deferred tax	6,742.34	3,472.91
Other provision and contingencies (refer note 31)	249.10	233.03
Provision for standard assets	127.53	(582.69)

78 Draw down from reserves

The Company has not made any draw down from reserves during the year ended March 31, 2023 and March 31, 2022 except as shown in note no. 23.

79 Revenue Recognition

There have been no instances in which revenue recognition has been postponed pending the resolution of significant uncertainties during the year ended March 31, 2023 and March 31, 2022.

80 Consolidated financial statements

The Company has no subsidiaries for consolidation.

81 Concentration of advances, exposures and NPA's

i) Concentration of advances

S. No.	Particulars	As at March 31, 2023	As at March 31, 2022
1	Total advances to twenty largest borrowers	1,084.57	791.42
2	Percentage of advances to twenty largest borrowers to total advances	0.15%	0.17%

ii) Concentration of exposures*

S. No.	Particulars	As at March 31, 2023	As at March 31, 2022
1	Total exposure to twenty largest borrowers / customers	49,391.10	61,779.01
2	Percentage of exposures to twenty largest borrowers / customers to total exposure on borrowers/ customers	6.60%	11.74%

* Exposure comprises of loan and investment exposure.

iii) Concentration of NPA's

S. No.	Particulars	As at March 31, 2023	As at March 31, 2022
1	Total exposure to top four NPA accounts	106.22	97.31

iv) Sector wise NPA % of NPAs to total advances in that sector

S. No.	Particulars	As at March 31, 2023	As at March 31, 2022
1	Agriculture & allied activities	-	-
2	MSME	-	-
3	Corporate borrowers	-	-
4	Services	-	-
5	Unsecured personal loans	-	-
6	Auto loans	3.27%	3.05%
7	Other personal loans	2.28%	1.26%

Notes to the Financial Statements

as at and for the year ended March 31, 2023

(₹ in lakhs except otherwise stated)

82 Movement of non-performing assets (NPA's)

S. No.	Particulars	As at March 31, 2023	As at March 31, 2022
i)	Net NPAs to net advances (%)	2.36%	2.04%
ii)	Movement of NPAs (Gross)		
a)	Opening balance	13,507.76	13,866.81
b)	Addition during the year	20,111.68	11,343.24
c)	Reduction during the year	(11,443.79)	(11,702.29)
d)	Closing balance	22,175.65	13,507.76
iii)	Movement of Net NPAs		
a)	Opening balance	9,647.32	6,538.56
b)	Addition during the year	15,179.83	8,104.30
c)	Reduction during the year	(8,132.90)	(4,995.54)
d)	Closing balance	16,694.25	9,647.32
iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
a)	Opening balance	3,860.44	7,328.25
b)	Provision made during the year	4,931.86	3,238.94
c)	Write-off / write-back of excess provisions	(3,310.89)	(6,706.75)
d)	Closing balance	5,481.40	3,860.44

83 Overseas assets (for those with joint ventures and subsidiaries abroad)

There are no overseas assets owned by the Company.

84 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, 2023 and March 31, 2022.

85 Disclosures on frauds pursuant to RBI Master direction

Frauds amounting to ₹ 14.81 lakhs reported during the year ended March 31, 2023 and no frauds were reported during the year ended March 31, 2022.

86 Net Profit or Loss for the period, prior period items and changes in accounting policies

There are no prior period items and changes in accounting policies.

87 Loans to directors, senior officers and relatives of directors

The Company has not provided any loans to directors, senior officers and relatives of directors during the year ended March 31, 2023 and March 31, 2022.

Notes to the Financial Statements

as at and for the year ended March 31, 2023

(₹ in lakhs except otherwise stated)

88 Comparison of provisioning as per IRAC norms and Ind AS 109 as per annexure XXVI of Master Direction - Non-Banking Financial Company - Systemically Important Non-deposit Taking Company and Deposit Taking Company (Reserve Bank) directions, 2016

Asset classification as per RBI norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss allowances (provisions) as required under Ind AS 109	Net carrying amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
As at March 31, 2023						
Performing assets						
Standard	Stage 1	6,71,255.56	6,630.09	6,64,625.47	2,761.57	3,868.52
	Stage 2	19,420.40	1,700.82	17,719.58	116.93	1,583.89
Subtotal		6,90,675.96	8,330.91	6,82,345.05	2,878.50	5,452.41
Non-performing assets (NPA)						
Substandard	Stage 3	12,524.77	3,819.73	8,705.04	2,552.01	1,267.72
	Regulatory stage 3	8,367.81	1,026.95	7,340.86	1,344.70	(317.75)
Doubtful - up to 1 year	Stage 3	1,036.84	424.84	612.00	394.56	30.28
1 to 3 years	Stage 3	242.17	208.64	33.53	136.56	72.08
More than 3 years	Stage 3	4.06	1.24	2.82	2.47	(1.23)
Subtotal for doubtful		1,283.07	634.72	648.35	533.59	101.13
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		22,175.65	5,481.40	16,694.25	4,430.30	1,051.10
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	6,71,255.56	6,630.09	6,64,625.47	2,761.57	3,868.52
	Stage 2	19,420.40	1,700.82	17,719.58	116.93	1,583.89
	Stage 3	13,807.84	4,454.45	9,353.39	3,085.60	1,368.85
	Regulatory Stage 3	8,367.81	1,026.95	7,340.86	1,344.70	(317.75)
	Total	7,12,851.61	13,812.31	6,99,039.30	7,308.80	6,503.51

Notes to the Financial Statements

as at and for the year ended March 31, 2023

(₹ in lakhs except otherwise stated)

Asset classification as per RBI norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss allowances (provisions) as required under Ind AS 109	Net carrying amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
As at March 31, 2022						
Performing assets						
Standard	Stage 1	4,28,764.44	4,756.35	4,24,008.09	1,889.85	2,866.50
	Stage 2	34,209.76	3,534.98	30,674.78	416.91	3,118.07
Subtotal		4,62,974.20	8,291.33	4,54,682.87	2,306.76	5,984.57
Non-performing assets (NPA)						
Substandard	Stage 3	12,151.91	3,471.39	8,680.52	2,507.24	964.15
Doubtful - up to 1 year	Stage 3	1,334.21	382.83	951.38	511.25	(128.42)
1 to 3 years	Stage 3	20.44	5.87	14.57	9.00	(3.13)
More than 3 years	Stage 3	1.20	0.35	0.85	0.86	(0.51)
Subtotal for doubtful		1,355.85	389.05	966.80	521.11	(132.06)
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		13,507.76	3,860.44	9,647.32	3,028.35	832.09
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current income recognition, asset classification and provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	Stage 1	4,28,764.44	4,756.35	4,24,008.09	1,889.85	2,866.50
	Stage 2	34,209.76	3,534.98	30,674.78	416.91	3,118.07
	Stage 3	13,507.76	3,860.44	9,647.32	3,028.35	832.09
	Total	4,76,481.96	12,151.77	4,64,330.19	5,335.11	6,816.66

In terms of requirement of RBI notification no. mentioned above on implementation of Indian accounting standards, non-banking financial companies (NBFCs) are required to create an impairment reverse for any short fall in impairment allowance under Ind AS 109 and income recognition and asset classification and provisioning (IRACP) norms (including provision on standard assets). The impairment allowance under Ind AS 109 made by the Company exceeds the total provision required under IRACP (including standard assets provisioning), as at March 31, 2023 and March 31, 2022 and accordingly, no amount is required to be transferred to impairment reserve.

Notes to the Financial Statements

as at and for the year ended March 31, 2023

(₹ in lakhs except otherwise stated)

89 Disclosure on Liquidity Risk Management Framework pursuant to Reserve Bank of India Circular DOR.NBFC (PD) CC. No. 102/03.10.001/2019-20 dated November 04, 2019

Quantitative Disclosure on Liquidity Coverage Ratio (LCR) for the financial year 2022- 2023 is given below:

S. No.	Particulars	Quarter ended March 31, 2023		Quarter ended December 31, 2022		Quarter ended September 30, 2022		Quarter ended June 30, 2022	
		Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
High Quality Liquid Assets									
1	Total high quality liquid assets (HQLA)*	14,375.77	12,392.64	10,492.00	8,594.00	5,964.07	4,649.93	10,396.11	6,231.79
Cash outflows									
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3	Unsecured wholesale funding	131.70	151.46	131.63	151.38	-	-	-	-
4	Secured wholesale funding	40,580.34	46,667.39	29,791.62	34,260.36	20,932.53	24,072.40	18,136.59	20,857.08
5	Additional requirements, of which								
i	Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
ii	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
iii	Credit and liquidity facilities	-	-	-	-	-	-	-	-
6	Other contractual funding obligations	4,223.65	4,857.20	4,364.00	5,019.00	4,374.52	5,030.70	777.57	894.20
7	Other contingent funding obligations	511.22	587.91	-	-	-	-	-	-
8	TOTAL CASH OUTFLOWS	45,446.91	52,263.96	34,287.25	39,430.74	25,307.05	29,103.10	18,914.16	21,751.28
Cash Inflows									
9	Secured lending	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	26,762.63	20,071.97	27,924.00	20,943.00	22,953.01	17,214.76	25,351.66	19,013.74
11	Other cash inflows	32,012.21	24,009.16	45,883.00	34,412.00	40,538.50	30,403.88	29,978.85	22,484.14
12	TOTAL CASH INFLOWS	34,085.18	39,197.97	25,715.44	29,573.05	18,980.29	21,827.32	14,185.62	16,313.46
13	TOTAL HQLA		12,392.64		8,594.00		4,649.93		6,231.79
14	TOTAL NET CASH OUTFLOWS		13,065.99		9,857.69		7,275.78		5,437.82
15	LIQUIDITY COVERAGE RATIO (%)		94.85%		87.18%**		63.91%		114.60%

* HQLA includes cash and bank balance and investment in government backed securities.

**Simple average of LCR observations over a period is 99.32%.

The requirements of the above circular with respect to the liquidity coverage ratio ("LCR") have become applicable to the Company with effect from the quarter ended March 31, 2022.

Notes to the Financial Statements

as at and for the year ended March 31, 2023

(₹ in lakhs except otherwise stated)

Quantitative Disclosure on Liquidity Coverage Ratio (LCR) for the financial year 2021- 2022 is given below:

S. No.	Particulars	Quarter ended March 31, 2022	
		Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets			
1	Total high quality liquid assets (HQLA)*	13,905.27	12,171.06
Cash outflows			
2	Deposits (for deposit taking companies)	-	-
3	Unsecured wholesale funding	-	-
4	Secured wholesale funding	15,877.80	18,259.47
5	Additional requirements, of which		
i	Outflows related to derivative exposures and other collateral requirements	-	-
ii	Outflows related to loss of funding on debt products	-	-
iii	Credit and liquidity facilities	-	-
6	Other contractual funding obligations	3,073.09	3,534.06
7	Other contingent funding obligations	-	-
8	TOTAL CASH OUTFLOWS	18,950.89	21,793.53
Cash Inflows			
9	Secured lending	-	-
10	Inflows from fully performing exposures	18,459.96	13,844.97
11	Other cash inflows	13,127.33	9,845.49
12	TOTAL CASH INFLOWS	14,213.17	16,345.14
13	TOTAL HQLA		12,171.06
14	TOTAL NET CASH OUTFLOWS		5,448.39
15	LIQUIDITY COVERAGE RATIO (%)		223.39%

* HQLA includes cash and bank balance and investment in government backed securities.

** Average of LCR % of last three months is 209%.

Qualitative Disclosure on LCR

The Liquidity Coverage Ratio (LCR) is a global minimum standard to measure the Company's liquidity position. Reserve Bank introduced the liquidity coverage ratio (LCR) requirement for all deposit-taking NBFCs and non-deposit taking NBFCs with an asset size of 5,000 crore and above. LCR seeks to ensure that the Company has an adequate stock of unencumbered High-Quality Liquid Assets (HQLA) that can be converted into cash easily and immediately to meet its liquidity needs under a 30-day calendar liquidity stress scenario. LCR is calculated by dividing the stock of HQLA's by its total net cash outflow over a 30 day calendar period.

The Company has adopted the liquidity risk framework as required under RBI regulation. It ensures a sound and robust liquidity risk management system by maintaining sufficient liquidity through inclusion of a cushion of unencumbered, high quality liquid asset to withstand a range of stress events, including those involving the loss or impairment of both unsecured and secured funding sources. The Board of Directors have delegated responsibility of balance sheet Liquidity Risk Management to the Asset Liability Management Committee.

The LCR is calculated by dividing a Company's stock of HQLA by its total net cash outflows over a 30-day stress period. The guidelines for LCR were effective from December 1, 2020 with the minimum LCR to be 50% which would rise in equal annual steps to reach 100%, on December 1, 2024. The requirement, as on March 31, 2023 and March 31, 2022 is 60% and 50% respectively. In order to determine High quality Liquid Assets, Company considers all the allowable assets as per RBI including Cash and Bank Balances and investment in Government backed Securities. In order to determine net cash outflows, Company considers total expected cash outflow minus total expected cash inflows for the subsequent 30 calendar days. As per regulations, stressed cash flows is computed by assigning a predefined stress percentage to the overall cash inflows and cash outflows. Net cash outflow over next 30 days is computed as stressed outflows less minimum of stressed inflows subject to 75% of stressed outflow. Accordingly LCR would be computed by dividing Company's stock of HQLA by its total net cash outflow.

Notes to the Financial Statements

as at and for the year ended March 31, 2023

(₹ in lakhs except otherwise stated)

Cash outflow under secured wholesale funding includes contractual obligations under Term loans, NCDs, Interest payable within 30 days. Outflow under other contractual funding obligations primarily includes outflow on account of sundry payables. In order to determine Inflows from fully performing exposures, Company considers the collection from performing advances in next 30 days. Other Cash inflows includes investments in mutual funds, debt securities and fixed deposits which are maturing within 30 days.

Public disclosure on liquidity risk

(i) Funding concentration based on significant counterparty (both deposits and borrowings)

Particulars	Number of significant counterparties	Amount	% of Total deposits	% of Total liabilities
As at March 31, 2023	28	5,29,184.77	Not Applicable	73.27%
As at March 31, 2022	30	3,65,443.39	Not Applicable	78.84%

(ii) Top 20 large deposits (amount and % of total deposits) - Not applicable

(iii) Top 10 borrowings

Particulars	Amount	% to Total borrowings
As at March 31, 2023	3,16,599.23	44.95%
As at March 31, 2022	1,98,599.38	44.16%

(iv) Funding concentration based on significant instrument/product

Name of the instrument/product	As at March 31, 2023		As at March 31, 2022	
	Amount	% of Total liabilities	Amount	% of Total liabilities
Debt securities (including commercial paper)	1,71,495.99	23.75%	1,47,357.91	31.79%
Term loan from banks	3,53,240.00	48.91%	1,82,409.35	39.35%
Term loan from financial institutions-Secured	53,822.60	7.45%	36,592.22	7.89%
Associated liabilities under securitisation	1,00,593.88	13.93%	30,480.42	6.58%
External commercial borrowings	19,545.56	2.71%	18,808.35	4.06%
Term loan from other parties - unsecured	-	0.00%	-	0.00%
Short term borrowings	5,616.18	0.78%	32,087.81	6.92%
Subordinated debts	-	0.00%	2,036.64	0.44%

(v) Stock Ratios:

Name of the instrument/product	As at March 31, 2023			As at March 31, 2022		
	Total public funds	Total liabilities	Total assets	Total public funds	Total liabilities	Total assets
Commercial paper, as a % of	Nil	Nil	Nil	1.10%	1.07%	0.80%
Non-convertible debentures (original maturity of less than one year), as a % of	Nil	Nil	Nil	Nil	Nil	Nil
Other short term liabilities*, as a % of	42.07%	41.03%	32.72%	48.03%	46.60%	34.66%

* Other short term liabilities include all contractual obligation payable within a period of 1 year excluding commercial paper.

Notes to the Financial Statements

as at and for the year ended March 31, 2023

(₹ in lakhs except otherwise stated)

(vi) Institutional set-up for liquidity risk management

SK finance limited (SKFL) has constituted asset liability management committee ('ALCO') to oversee liquidity risk management in compliance with board approved policy. It comprises of senior management of the Company and headed by managing director or/and executive director. ALCO meetings are held once in a quarter or more frequently as required from time to time. The minutes of ALCO meetings are placed before the risk management committee (RMC) and the board of directors.

SKFL has also constituted RMC for the effective supervision and management of various aspects including liquidity risks faced by the Company. This committee shall provide necessary directives to ALCO, as and when necessary. The ALCO and RMC updates the board at regular intervals.

Notes:

- 1) Significant counterparty is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated November 4, 2019 on liquidity risk management framework for Non- Banking Financial Companies and Core Investment Companies.
- 2) Significant instrument/product is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated November 4, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.
- 3) Total liabilities has been computed as sum of all liabilities (balance sheet figure) less equities and reserves/surplus.
- 4) Public funds are as defined in Master Direction - Non-Banking Financial Company - Systemically Important Non- Deposit taking Company and Deposit taking Company (Reserve Bank) Direction, 2016 as amended.

90 Detail of resolution plan implemented under the resolution framework for Covid-19 related stress as per RBI circular dated August 06, 2020 (resolution framework-1.0) and May 5, 2021 (resolution framework-2.0) for half year ended March 31, 2023 as given below-

Type of Borrowers	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at September 30, 2022 (A) *	Of (A), aggregate debt that slipped into NPA during the half year ended March 31, 2023**	Of (A) amount written off during the half year ended March 31, 2023	Of (A) amount paid by the borrowers during the half year ended March 31, 2023	Exposure to accounts classified as standard consequent to implementation of resolution plan - position as at March 31, 2023
Personal Loans #	2,253.09	828.16	-	538.61	886.32
Corporate persons	-	-	-	-	-
MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	2,253.09	828.16	-	538.61	886.32

* Consist of unbilled and overdue principal

** Considering impact of RBI circular dated November 12, 2021 - "Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advance Clarification".

Includes restructuring implemented pursuant to OTR 2.0 for personal loans, individual business loans and small business loans.

91 Disclosure pursuant to RBI notification - RBI/2020-21/17 DOR.No.BP.BC/3/21.04.048/2020-21 dated August 06, 2020

Type of Borrowers	Year	Number of accounts where resolution plan has been implemented under this window(A)	Exposure to accounts mentioned at (A) before implementation of the plan
MSMEs	March 31, 2023	-	-
	March 31, 2022	222	685.15

Notes to the Financial Statements

as at and for the year ended March 31, 2023

(₹ in lakhs except otherwise stated)

92 Other Statutory Information

- (i) The Company do not have any investment property.
- (ii) The Company do not have any charges or satisfaction which is yet to be registered with registrar of companies beyond the statutory period for borrowings.
- (iii) The Company, being a Non-Banking Financial Company ("NBFC") registered with the Reserve Bank of India as a systemically important NBFC, the provisions of section 2(87) read with companies (restriction on number of layers) Rules 2017 are not applicable.
- (iv) The quarterly statement of current assets submitted to banks/ financial institutions which are provided as security against the borrowings are in agreement with the books of account.
- (v) There have been no significant events after the reporting date require disclosure in these financial statements.
- (vi) The Company has not entered any transactions with companies that were struck off under section 248 of the Companies Act, 2013 or Section 560 of the Companies Act, 1956.
- (vii) The Company has not traded or invested in crypto currency or virtual currency during the financial year.
- (viii) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding that the intermediary shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (ultimate beneficiaries) or
 - (b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

The Company has not received any fund from any person(s) or entity(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or
 - (b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries
- (ix) The Company has not entered any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- (x) During the year, no scheme of arrangements in relation to the Company has been approved by the competent authority in terms of sections 230 to 237 of the Companies Act, 2013. Accordingly, aforesaid disclosure are not applicable to the Company.
- (xi) Security deposit for securitisation cases is maintained as cash collateral deposits with banks under lien with respective trustee.
- (xii) The Company has not declared wilful defaulter by any bank or financial institution or other lenders.
- (xiii) Pursuant to the RBI circular dated February 15, 2022, the Company has implemented necessary system in place to align its definition of default for loan assets with the guidelines stipulated in RBI circular dated November 12, 2021 - "Prudential Norms on Income Recognition, Asset classification and Provisioning pertaining to Advances- Clarifications" (the "RBI circular") for regulatory reporting, as applicable. The financial statement for the year ended March 31, 2023, are prepared in accordance with the applicable Ind-As guidelines and the RBI Circular dated March 13, 2020 - "Implementation of Indian Accounting Standards".

Notes to the Financial Statements

as at and for the year ended March 31, 2023

(₹ in lakhs except otherwise stated)

- (xiv) MCA notifies new standard or amendments to the existing standards. MCA amended the companies (Indian Accounting Standards) amendment rules, 2023 vide G.S.R. 242(E) dated March 31, 2023 which is effective from April 01, 2023. The amendments are not expected to have a material impact on the Company.
- (xv) The previous year's figures have been regrouped / reclassified, wherever necessary, to correspond with the current year's classification / disclosure.

Significant accounting policies 1-3

The accompanying notes form an integral part of the financial statements.
As per our report of even date attached

For **S.R. BATLIBOI & ASSOCIATES LLP**
Chartered Accountants
Firm Registration No: 101049W/E300004

Amit Kabra
Partner
ICAI Membership No. 094533

Rajendra Kumar Setia
(Managing Director & CEO)
DIN - 00957374

Atul Arora
(Chief Financial Officer)

Place : Jaipur
Date : May 03, 2023

For and on behalf of the Board of Directors of
SK Finance Limited

Yash Setia
(Whole Time Director)
DIN - 09831391

Anagha Bangur
(Company Secretary)
Membership No.: F10697

Place : Jaipur
Date : May 03, 2023

Appendix to the financial statements

For the year ended March 31, 2023

(₹ in lakhs except otherwise stated)

Schedule to the balance sheet of a Non Deposit Taking Non-Banking Financial Company (as required in terms of Annex-IV of Master Direction - Non-Banking Financial Company - Systemically Important Non-deposit Taking Company and Deposit Taking Company (Reserve Bank) directions, 2016

Particulars	Amount outstanding	
	As at March 31, 2023	As at March 31, 2022
Liabilities side:		
1. Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid:		
(a) Debentures : Secured	1,69,751.25	-
: Unsecured (Other than falling within the meaning of public deposits*)	1,744.74	-
(b) Deferred credits	-	-
(c) Term loans from bank	3,53,240.00	-
(d) Inter-corporate loans and borrowing	73,368.16	-
(e) Commercial paper	-	-
(f) Other loans: Associated liabilities in respect of securitization transactions	1,00,593.88	-
Loan from:		
(i) Directors	-	-
(ii) Shareholders	-	-
(iii) CC limit from bank	5,616.18	-
(iv) Unsecured loan from bank and institution	-	-

Particulars	Amount outstanding	
	As at March 31, 2023	
Liabilities side:		
2. Break-up of loans and advances including bills receivables [other than those included in (3) below] (net off provision on NPA):		
(a) Secured	6,92,625.04	
(b) Unsecured	6,414.26	
3. Break up of leased assets and stock on hire and other assets counting towards AFC activities		
(i) Lease assets including lease rentals under sundry debtors		
(a) Financial lease	-	
(b) Operating lease	-	
(ii) Stock on hire including hire charges under sundry debtors:		
(a) Assets on hire	-	
(b) Repossessed assets	-	
(iii) Other loans counting towards AFC activities		
(a) Loans where assets have been repossessed	-	
(b) Loans other than (a) above	-	
4. Break-up of investments:		
Current investments:		
1. Quoted:		
(i) Shares:(a) Equity	-	
(b) Preference	-	
(ii) Debentures and bonds	29,639.68	
(iii) Units of mutual funds	-	
(iv) Government securities	-	
(v) Others	-	
2. Unquoted:		
(i) Shares:(a) Equity	-	
(b) Preference	-	
(ii) Debentures and bonds	9,885.83	
(iii) Units of mutual funds	2,403.87	
(iv) Government securities	-	
(v) Others	-	
Units of alternative investment funds (AIF)	444.94	
Security receipt of ARC	1,133.35	

(₹ in lakhs except otherwise stated)

Particulars	Amount outstanding	
	As at March 31, 2023	
Liabilities side:		
Long term investments		
1. Quoted:		
(i) Shares:(a) Equity	-	
(b) Preference	-	
(ii) Debentures and bonds	7,605.41	
(iii) Units of mutual funds	-	
(iv) Government securities	-	
(v) Others	-	
2. Unquoted:		
(i) Shares:(a) Equity	-	
(b) Preference	-	
(ii) Debentures and bonds	-	
(iii) Units of mutual funds	139.02	
(iv) Government securities	-	
(v) Others	-	
Security receipt of ARC	1,359.78	

5 Borrower group-wise classification of assets finances as in (2) and (3) above (Amount net of provisions #):	As at March 31, 2023		
	Secured	Unsecured	Total
Category			
1. Related parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties*	6,92,625.04	6,414.26	6,99,039.30
Total	6,92,625.04	6,414.26	6,99,039.30

Provision distributed on gross amount of assets finances.

* As per Ind AS

6 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):	As at March 31, 2023	
	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
Category		
1. Related parties		
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties*	52,611.88	52,611.88

* As per Ind AS

7 Other information	As at March 31, 2023	
	Amount	
Particular		
i. Gross non-performing assets		
(a) Related parties	-	
(b) Other than related parties	22,175.65	
ii. Net non-performing assets		
(a) Related parties	-	
(b) Other than related parties	16,694.25	
iii. Assets acquired in satisfaction of debt	-	

Notice

NOTICE is hereby given that the **29th (Twenty Ninth)** Annual General Meeting (“**AGM/ Meeting**”) of the members of **SK Finance Limited (Formerly known as Ess Kay Fincorp Limited)(the “Company”)** will be held on Monday, 25th September, 2023 at 02:30 P.M through Video Conferencing (“**VC**”) or Other Audio Visual Means (“**OAVM**”) 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, 2023 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.

SPECIAL BUSINESS:

ITEM NO. 03 - TO APPROVE THE REMUNERATION OF NON-EXECUTIVE DIRECTORS OF THE COMPANY

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

“**RESOLVED THAT** pursuant to the provisions of Section 197 and 198 and all other applicable provisions of the Companies Act, 2013 read with Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Schedule V of the Companies Act, 2013, Regulation 17(6) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), the enabling provisions of the Articles of Association of the company and based on the recommendation of Nomination and Remuneration Committee and the Board of Directors, the consent of the members of the Company be and is hereby accorded to pay remuneration in addition to sitting fees & reimbursement of expenses (at actuals) incurred by them for attending the meetings of the Board of Directors or Committees thereof, an amount, by way of commission or otherwise with effect from financial year 2022-23, either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other, to any one or more or all of the Non-Executive Directors, as the Board of Directors may from time to time, determine, and that the said remuneration be paid in such amount, proportion and manner as may be decided by the Board of Directors of the Company from time to time, and that such remuneration shall not exceed 1% of the net profits of the Company in any financial year (computed in the manner provided in Section 198 of the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof).

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year, the non-executive directors shall be paid remuneration by way of Commission as set out above, as may be decided by the Board, notwithstanding that it may exceed one percent of the net profits of the Company and subject to such restrictions, if any, as may be set out in the applicable provisions of and Schedule V to the Act, from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required, desirable or expedient to give effect to this resolution and to comply with all other requirements in this regard and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolution.”

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

Anagha Bangur
Company Secretary
M. No.: F10697

Place: Jaipur
Date: 03rd May, 2023
Regd. Address: G 1-2, New Market, Khasa Kothi,
Jaipur – 302001 (Rajasthan)
Website: www.skfin.in Email: info@skfin.in

NOTES:

- The proceedings of the Annual General Meeting (“**AGM**”) shall be deemed to be conducted at the Corporate Office of the Company at Plot No. 36, Dhuleshwar Garden, Jaipur- 302001 (Rajasthan).
- The Ministry of Corporate Affairs, Government of India (the “MCA”) vide Circular no. 10/2022 dated December 28, 2022 read with circular nos. 14/2020 dated 8th April 2020, 17/2020 dated 13, April 2020 20/2020 dated May 5, 2020, 02/2021 dated January 13, 2021, 19/2021 dated December 08, 2021 and 21/2021 dated December 14, 2021, 02/2022 dated May 5, 2022 (“MCA Circulars”), have allowed the Companies to conduct their Annual General Meeting 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 MCA Circulars. In compliance with the provisions of the Companies Act, 2013 and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
- The Securities and Exchange Board of India (“SEBI”) vide Circular no. SEBI/HO/DDHS/DDHS-RACPOD1/P/ CIR/2023/001 dated 05, January 2023 read with Circular Nos. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, SEBI/HO/CFD/CMD2/ CIR/P/2021/11 dated January 15, 2021 and SEBI/HO/DDHS/P/CIR/2022/0063 dated May 13, 2022, had inter-alia, relaxed certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) related to dispatch of hard copy of Annual Report to the debenture holders (“ SEBI Circulars”), pursuant to relaxations granted by the Ministry of Corporate Affairs (MCA). In compliance with the MCA Circulars and SEBI Circulars, the Annual Report shall be sent only by email to the Members, trustees and debenture-holder of nonconvertible securities and to all other persons so entitled. Further, the notice for AGM shall be given only through emails registered with the Company or with the depository participant / depository.
- 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.
- Since the AGM will be held through VC / OAVM, the Route Map is not annexed to this Notice.
- Institutional/Corporate Members intending to participate in the AGM 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.
- Attendance of Members/Authorized Representatives through video conferencing shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
- The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 setting out material facts and reasons in respect of the business under Item No. 03 as set out above, are annexed hereto and forms part of this Notice.
- 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 holders, debenture trustees, auditors and to all other persons so entitled. In case any such person requires a physical copy, the same will be provided on receipt of such request addressed to secretarial@skfin.in. Members may note that the Notice and Annual Report for the Financial year 2022-23 will also be available on the Company’s website at <https://www.skfin.in/investor> and on the website of the stock exchange i.e. BSE Limited at www.bseindia.com.
- 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 from their registered email address, mentioning their name, DPID and Client ID and mobile number. The same will be replied by the Company suitably. Alternatively, the members may also post their queries directly on the VC Platform i.e. the goto meeting app during the AGM.
- In case of joint holders attending the Meeting, only such joint holder whose name appears as the first holder in the order of names as per the Register of Members of the company will be entitled to vote.
- Brief profile and other information about the Director in respect of re-appointment as required under Secretarial Standard on General Meetings (‘SS-2’) is annexed to this Notice as **Annexure-1**.

13. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Companies Act, 2013 will be available electronically for inspection by the Members during the continuance of AGM.
14. All the documents referred to in the Notice are open for inspection during working hours on all working days from the date of circulation of this notice till the conclusion of the AGM. Members may request for such documents by sending their requests at secretarial@skfin.in from their registered email address, mentioning their name, DPID and Client ID and mobile number.
15. 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.
16. 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 Registrar & Securities Transfer Agent (RTA):-
- Registrar & Securities Transfer Agent:**
- KFin Technologies Limited (Formerly known as KFin Technologies Private Limited)
- Address:** Selenium Tower B, Plot No. 31& 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500 032, Telangana
- Contact Person:** Mr. Srinivas Sudheer Venkatapuram- Vice President, Corporate Registry
- Telephone No:** +91 (040) 67162222
- Email id:** srinivassudheer.venkatapuram@kfintech.com
- Website:** <https://www.kfintech.com>
17. Members are requested to:
- Notify the changes if any, in address, contact details, bank account etc. immediately to the Company and to the Registrar and Share Transfer Agent.
 - 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').
18. The Members may contact their respective depository participants for making nominations as permitted under Section 72 of the Companies Act, 2013.
19. **Procedure for attending the AGM through VC/OAVM:**
- Members can attend the AGM through Video Conferencing on Monday, 25th September, 2023 at 02:30 P.M by clicking on the below mentioned link.
- Please join the meeting from your computer, tablet or smartphone.**
- <https://meet.goto.com/454346821>
- Join from a video-conferencing room or system.**
- Meeting ID: 454-346-821 Dial in or type: 67.217.95.2 or inroomlink.goto.com Or dial directly: HYPERLINK "mailto:454346821@67.217.95.2" 4 5 4 3 4 6 8 2 1 @ 6 7 . 2 1 7 . 9 5 . 2 o r 67.217.95.2##454346821
- Get the app now and be ready when your first meeting starts: <https://meet.goto.com/install>
- After clicking on the aforesaid link, a dialogue box will appear stating "Type your name here".
 - After entering the aforesaid details, please click on "Next Button" and Join the meeting.
 - The aforesaid link for joining the meeting through VC shall be active for participation on the date of the Meeting i.e. Monday, 25th September, 2023 from 02:15 P.M. (IST) till 02:45 P.M. (IST). The link will be disabled for participation after the said time of 02:45 P.M. (IST).
 - Members who need assistance before or during the meeting, can contact at +91-9001288882 or email at secretarial@skfin.in.

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

Anagha Bangur
Company Secretary
M. No.: F10697

Place: Jaipur
Date: 03rd May, 2023
Regd. Address: G 1-2, New Market, Khasa Kothi,
Jaipur – 302001 (Rajasthan)
Website: www.skfin.in Email: info@skfin.in

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

ITEM NO. -03

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

Pursuant to the provisions of Section 197 of the Companies Act, 2013, (the 'Act') which permits the payment of remuneration to a director, who is neither a whole-time director nor a managing director of a company, by way of commission not exceeding one percent of the net profits of the company, if the company authorizes such payment. Accordingly, in view of the increased demand on non-executive directors' participation in Board and Committee meetings and the higher responsibilities they are expected to bear in the interest of higher levels of excellence in corporate governance on account of statutory and regulatory changes, it is considered appropriate that the remuneration payable to the non-executive Directors by the Company should be commensurate with their expertise and rich experience, role, responsibilities and duties.

Hence, in terms of Section(s) 197 and 198 and any other relevant provisions of the Companies Act, 2013, it is proposed to pay remuneration by way of commission or by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other, in addition to sitting fees and reimbursement of expenses (at actuals) for attending the meetings of the Board of Directors or Committees thereof, as the Board of Directors may from time to time, determine, to any one or more or all of the Non-Executive Directors and that such remuneration shall not exceed 1% of the net profits of the Company in any financial year. Further, the terms of Remuneration payable to the Non- Executive Directors are in consonance with the Nomination- Remuneration and Compensation Policy of the Company.

Furthermore, pursuant to the Companies (Amendment) Act, 2020, read with rules made thereunder, if a company fails to make profits or makes inadequate profits in a financial year, any non-executive director of such company, including an independent director, may be paid remuneration in accordance with Schedule V of the Act. Also, pursuant to the Regulation 17(6) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, the board of directors shall recommend all fees or compensation, if any, paid to non-executive directors, including independent directors to the shareholders for their approval in general meeting.

Accordingly, the Board in their meeting held on 03rd May, 2023 has proposed commission payable to the Non- Executive Directors of the Company for the approval of the members as Special Resolution, set forth in Item No. 03 of this Notice.

All the non-executive directors of the Company and their relatives are concerned or interested in passing of this resolution. Save and except the above, none of the other directors, key managerial personnel of the Company and their relatives are in any way concerned or interested, financially or otherwise in the passing of the Resolution at Item No. 03 of the accompanying notice.

Annexure-I

BRIEF PROFILE AND OTHER INFORMATION OF DIRECTOR BEING RE-APPOINTED AS SET OUT IN THIS NOTICE, IN TERMS OF CLAUSE 1.2.5 OF SECRETARIAL STANDARD ON GENERAL MEETINGS (SS-2) ISSUED BY THE INSTITUTE OF THE COMPANY SECRETARIES OF INDIA.

Name	Mr. Rajendra Kumar Setia
Date of Birth	01 st July, 1969
Age	53 Years
DIN	00957374
Date of first appointment on the Board	21 st November, 1994
Qualifications	Bachelor of Science from Rajasthan University
Brief Profile	Mr. Rajendra Kumar Setia is Promoter, Managing Director & Chief Executive Officer ("MD & CEO") of the Company and serving on the board since 21 st November, 1994. He holds a bachelor's degree in science from the University of Rajasthan. He has extensive experience, spanning more than 27 years, in the finance sector, especially in the area of vehicle financing. He is a first-generation entrepreneur and the visionary behind SK Finance Limited. He brings rich industry experience, decision-making and mentorship to the company. He has been featured in the list of Business Leaders of Rajasthan-2019 by the Economic Times and has also served as the president of Rajasthan Finance Companies Association – an institution representing interest of finance companies in Rajasthan. He has been instrumental in laying out a vision towards making SK Finance Limited one of the most trusted NBFCs in the regions it is present. He has been able to achieve this by imbibing a culture of customer first at all times.
Other Directorships	Nil
Chairpersonship/ membership of Committees in other companies	Nil
Relationship with other Directors/ Key Managerial Personnel of the Company	Father of Mr. Yash Setia (Whole time Director)
No. of equity shares held in the Company	1,12,57,463 shares, out of which 10,17,447 shares are partly paid.
No. of Board meetings attended during the Financial year 2022-23	7
Terms and conditions of appointment/ re-appointment	Liable to retire by rotation and other existing terms and condition as approved by shareholders.
Remuneration last drawn	₹3,95,56,471/- (Rupees Three Crore Ninety Five Lakh Fifty Six Thousand Four Hundred Seventy One Only) along with perquisites as per the HR Policy of the Company.
Remuneration sought to be paid	Mr. Rajendra Kumar Setia was re-appointed as Managing Director for a period of five years w.e.f May 19, 2022, liable to retire by rotation and other terms and conditions as approved by the members at the Extra-ordinary General Meeting held on March 11, 2022. Further, the revision of remuneration of Mr. Rajendra Kumar Setia as Managing Director was approved by the members in Annual General Meeting held on August 03, 2022 and all other terms and conditions were kept same. Furthermore, Mr. Rajendra Kumar Setia was also appointed as Chief Executive Officer by the Board of Directors in their Meeting held on January 30, 2023 and all other terms and conditions remain same as approved by the members in Annual General Meeting held on August 03, 2022. The proposed re-appointment of Mr. Rajendra Kumar Setia as Managing Director is due to retirement by rotation and his remuneration will be paid as per the resolution passed by the members at the Annual General Meeting held on August 03, 2022.

Corporate Information

Board of Directors & KMPs

Mr. Amar Lal Daultani

Chairman & Non-Executive Independent Director

Mr. Rajendra Kumar Setia

Managing Director & CEO

Mr. Yash Setia

Whole Time Director

Ms. Debanshi Basu

Non-Executive Nominee Director

Mr. Akshay Tanna

Non-Executive Nominee Director

Mr. Anand Raghavan

Non-Executive Independent Director

Mr. Atul Arora

Chief Financial Officer

Ms. Anagha Bangur

Company Secretary

Statutory Auditors

S.R. Batliboi & Associates LLP

Chartered Accountants

2nd & 3rd Floor

Golf View Corporate Tower-B

Sector - 42, Sector Road

Gurugram, Haryana, India - 122002

Secretarial Auditors

M/s V.M. & Associates

Company Secretaries

403, Royal World, S.C. Road,

Jaipur - 302001

Registered Office

G 1-2, New Market, Khasa Kothi

Jaipur, Rajasthan - 302001

CIN:U65923RJ1994PLC009051

Corporate Office

Plot No. 36, Dhuleshwar Garden, Ajmer Road

Jaipur, Rajasthan - 302001

Mumbai Office

D-111, FIRST FLOOR, KANAK ZILLION, KURLA BUS DEPOT,

LBS MARG, KURLA WEST, MUMBAI, MAHARASHTRA-400070

Registrar & Securities Transfer Agent

Kfin Technologies Limited

(Formerly known as Kfin Technologies Private Limited)

Karvy Selenium Tower B, Plot No 31 & 32

Gachibowli, Financial District,

Nanakramguda, Serilingampally

Hyderabad - 500 032

Trustees

BEACON TRUSTEESHIP LIMITED

4C & D, Siddhivinayak Chambers,

Gandhi Nagar, Opp. MIG Cricket Club,

Bandra (East), Mumbai - 400051

IDBI TRUSTEESHIP SERVICES LIMITED

Universal Insurance Building,

Ground Floor, Sir P.M. Road,

Fort, Mumbai – 400001

Vardhman Trusteeship Private Limited

The Capital, A Wing, 412A,

Bandra Kurla Complex, Bandra (East)

Mumbai 400 051, Tel.: +91- 9820024538

CATALYST TRUSTEESHIP LIMITED

Windsor, 6th Floor, Office No. 604,

C.S.T. Road, Kalina, Santacruz (East),

Mumbai - 400098

MITCON Trusteeship Services Limited

Address: 1402/1403, Dalamal Tower,

Free Press Journal Marg, 211, Nariman Point,

Mumbai - 400 021

SK Finance Limited
(Formerly known as Ess Kay Fincorp Limited)
G 1-2, New Market, Khasa Kothi, Jaipur 302001, Rajasthan
T +91 141-4161552 | **W** www.skfin.in | **E** info@skfin.in
CIN U65923RJ1994PLC009051 | **GSTIN** 08AAACE5115F1Z2